

## **CHAMPION MINERALS INC.**

55 Adelaide Street East, Suite 410

Toronto, ON M5C 1K6

Tel: (416) 866-2200

Fax: (416) 361-1333

## **MANAGEMENT'S DISCUSSION AND ANALYSIS 9 MONTHS ENDED DECEMBER 31, 2009**

The following discussion and analysis provides a review of current activities and a comparison of the performance and financial position of Champion Minerals Inc. (the "Company") for the 9 months ended December 31, 2009. It should be read in conjunction with the unaudited financial statements and accompanying notes. The financial data in this document has been prepared in accordance with Canadian GAAP. Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com). Comments in this document are prepared as of February 26, 2010.

Certain of the statements set forth in this MD&A, such as statements regarding planned activity and working capital, and the availability of capital resources to fund capital expenditures and working capital are forward-looking statements. Although the Company believes that its expectations are based on reasonable assumptions, it can give no assurance that expected results will be achieved. There are numerous risks and uncertainties that can affect the outcome and timing of events, including many factors beyond the control of the Company. Should one or more of these risks or uncertainties occur, or should underlying assumptions prove incorrect, the Company's actual results and plans for fiscal 2010 could differ materially from those expressed in this document. All dollar amounts are stated in Canadian dollars unless otherwise indicated.

### **The Company**

The Company is a reporting issuer in Ontario, Alberta and British Columbia and its common shares are listed for trading on the TSX Venture Exchange (the "TSX-V") on Tier 2 under the symbol CHM and on the Frankfurt Stock Exchange under the symbol P02 (WKN – A0LF1C).

### **Overall Performance**

#### *Fermont Iron Property, Quebec*

On August 31, 2009, the Company executed a definitive option and joint venture agreement in connection with the previously announced option to acquire up to a 70% interest in 16 iron-rich mineral concessions totalling 261.5 km<sup>2</sup> in the Fermont Iron Ore District ("FIOD") of north-eastern Quebec (the "Fermont Agreement"). The option was acquired from The Sheridan Platinum Group Ltd. and Fancamp Exploration Ltd. (the "Vendors"). The properties, termed the Fermont Property (the "Fermont Property"), are situated 250 km north of the St. Lawrence River port town of Port-Cartier and centered 60 km southwest of Fermont.

In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures as follows:

	<b>Option payments</b> \$	<b>Common shares</b>	<b>Exploration expenditures</b> \$
<b>To earn a 65% interest</b>			
On closing (paid and issued)	200,000	700,000	–
May 27, 2009 (paid, issued and incurred)	200,000	300,000	750,000
May 27, 2010	200,000	400,000	–
May 27, 2011	200,000	600,000	–
May 27, 2012	200,000	900,000	5,250,000
	1,000,000	2,900,000	6,000,000
<b>To increase to a 70% interest</b>	–	500,000	All necessary expenditures to completion of a positive bankable feasibility study

After the Company completes its earn-in, the Vendors and the Company will form a joint venture (“JV”) reflective of their proportionate ownership interests in the Fermont Property in order to explore and develop the retained mineral concessions. The Company will retain a right-of-first-refusal on any part or all of the Vendors’ proportionate interest in each of the mineral concessions comprising the Fermont Property. If the Vendors elect not to fund their proportionate interest in the JV, their interest would be diluted and, when the Vendors’ interest is reduced below a 10% remaining interest, the Vendors would be left with a 3% NSR royalty subject to a buyback clause at the Company’s option to reduce the NSR royalty to 2% by paying \$3 million. The Company would also retain a first-right-of-refusal on the royalty. There is also a 10 km area of influence around each mineral concession.

On May 13, 2009, the Company announced the optioning of the Penguin Lake Iron Property from The Sheridan Platinum Group Ltd. and Fancamp Exploration Ltd. The 39 claim / 20.67 km<sup>2</sup> Penguin Lake Property is located immediately north of Arcelor Mittal’s Mount Reed Deposit in the FIOD.

The Penguin Lake Iron Property has been integrated into the Fermont Agreement through the issuance of 400,000 shares of the Company to the vendors (200,000 to *Fancamp Exploration Ltd.*, and 200,000 shares to *The Sheridan Platinum Group Ltd.*). The Penguin Lake Property hosts a historical mineral resource of 100 million tonnes grading 30% Iron<sup>1</sup> (MRNFQ GM File #13035, 1963).

In addition, in view of the close association with the Company in the developing FIOD, The Sheridan Platinum Group and Fancamp Exploration Ltd. have granted Champion a first right of refusal on their last wholly-owned iron property in the district in the event of a third party participation. The 29 claim / 15.37 km<sup>2</sup> Lamelée Lake Iron Property is located immediately northeast of the Consolidated Thompson Iron Mines Ltd. (“Consolidated Thompson”) Pepler Lake Iron Deposit (935 million tonnes @ 29.7% Iron) and is characterized by a magnetic signature similar to, but larger than, that of the Bloom Lake Deposit with Measured and Indicated Reserves of 826.9 million tonnes at a grade of 29.35% Iron currently under development by Consolidated Thompson located 50km to the north. Previous work on the Lamelée Lake Iron Property has been confined to geophysics and geological mapping, and no historical resource has been established.

<sup>1</sup> This mineral resource estimate is strictly historical in nature, is non-compliant to NI 43-101 Mineral Resources and Mineral Reserves standards, and should therefore not be relied upon. A Qualified Person has not done sufficient work to classify the historical mineral resource estimates as current mineral resources.

The Company now controls a land package of roughly 384km<sup>2</sup> in 16 strategic claim blocks of which 2 host an initial NI 43-101 Mineral Resource Estimate of 503.3 million tonnes grading 28% Iron, and 6 host historic mineral resources<sup>1</sup> of approximately 578 million tonnes grading 30.4% Iron.

The Fermont Property's significant initial Mineral Resource Estimate and historic pre-NI 43-101 Mineral Resources are located in proximity to and locally contiguous to an operating and a number of former operating iron mines and projects currently being developed for iron mining. The pre-NI 43-101 Mineral Resources<sup>1</sup> are outlined in the table below.

Cluster and Claim Block		No. Claims (km <sup>2</sup> )	Historical Mineral Resources <sup>(1)</sup>	
			Tonnes (millions)	Grade (% Iron)
<b>CLUSTER 1</b>				
1	Moire Lake	25/10.9	101	30.8 <sup>(3)</sup>
<b>CLUSTER 2</b>				
2	O'Keefe-Purdy-Audrea Lakes	71/37.2	25	35.5 <sup>(3)</sup>
3	Harvey-Tuttle Lakes	122/63.9	n/a	n/a
4	Bellechasse	13/6.8	updated and current	
5	Midway Southeast	15/7.9	n/a	n/a
6	Oil Can Lake	19/10.0	n/a	n/a
7	Fire Lake North	76/39.9	updated and current	
8	Hope Lake	61/32.2	n/a	n/a
9	Lamêlée Lake <sup>(2)</sup>	16/8.4	n/a	n/a
<b>CLUSTER 3</b>				
10	Cassé Lake	27/14.2	n/a	n/a
11	Audrey-Ernie Lakes	106/56.0	23	33.2 <sup>(3)</sup>
12	Big Three Lakes	9/4.8	25	34.0 <sup>(3)</sup>
13	Aubertin-Tougard Lakes	52/27.6	n/a	n/a
14	Jeannine Lake	6/3.2	n/a	n/a
15	Silicate-Brutus Lakes	56/29.8	304	29.4 <sup>(3)</sup>
16	Penguin Lake	60/31.8	100	30.0 <sup>(3)</sup>
<b>TOTALS</b>		<b>34/384.6</b>	<b>578</b>	<b>30.4</b>

- (1) The historical Mineral Resources estimates quoted are strictly historical in nature and are non-compliant to NI 43-101 Mineral Resource standards, and should therefore not be relied upon. A Qualified Person has not done sufficient work to classify these historical Mineral Resource estimates as current NI 43-101 compliant Mineral Resources.
- (2) Champion holds a first right of refusal to acquire the Lamêlée Lake Claim Block.
- (3) From Paquet, 1963 (*Ministère des ressources naturelles et de la faune Québec* Assessment File GM 13035).

### The Fermont Property Exploration Campaign

On November 19, 2009 the Company announced an initial Mineral Resource Estimate ("MRE") on the Fermont Property. P&E Mining Consultants Inc. ("P&E") provided the Company with an initial MRE from the Bellechasse and Fire Lake North Claim Blocks ("Bellechasse" and "Fire Lake North"). The MRE forms part of a NI 43-101 Technical Report, titled *Technical Report and Resource Estimate on the Bellechasse and Fire Lake North Properties, Fermont Project Area Quebec, Canada*, dated December 23, 2009, available under the Company's filings on SEDAR at [www.sedar.com](http://www.sedar.com).

The MRE was estimated by Fred Brown, CPG, *Pr. Sci. Nat.*, and Eugene Puritch, P. Eng., both of P&E and independent Qualified Persons under NI 43-101 guidelines. At a 15% Iron cut-off grade, there are a combined 503.3 million tonnes grading 28.0% Iron in the Inferred Mineral Resources<sup>2</sup> category from both Bellechasse and Fire Lake North divided as follows:

<sup>2</sup> *Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling gathered through appropriate techniques from drill holes and outcrops, and reasonably assumed, but not verified, geological and grade continuity. There has been insufficient exploration to define any of the resources as Indicated or Measured Mineral Resources and there is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources.*

@ 15% Iron cut-off grade	Inferred Mineral Resources <sup>(1)</sup>	
	Tonnes (millions)	Grade (% Iron)
Bellechasse Claim Block		
	215.1	28.7
Fire Lake North Claim Block		
	288.2	27.5
Total	503.3	28.0

<sup>(1)</sup> The quantity and grade of the reported Mineral Resources within the Bellechasse and Fire Lake North claim blocks are categorized as Inferred Mineral Resources. Inferred Mineral Resources are that part of a Mineral Resource for which quantity and grade or quality can be estimated on the basis of geological evidence and limited sampling and reasonably assumed, but not verified, geological and grade continuity. The estimate is based on limited information and sampling gathered through appropriate techniques from drill holes and outcrops. There has been insufficient exploration to define any of the resources as Indicated or Measured Mineral Resources and there is no guarantee that further exploration will upgrade the Inferred Mineral Resources to Indicated or Measured Mineral Resources. Mineral Resources which are not Mineral Reserves do not have demonstrated economic viability. The estimate of Inferred Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

#### *Geological and Resource Modeling Parameters*

- The resource estimates were done using Inverse Distance Squared (“ID<sup>2</sup>”) interpolation on four-meter composites within modeled mineralization domains defined by assay values.
- Resources were evaluated from historic and current drill hole assay results. The mineralized areas were interpreted from transverse sections defined by drill hole traces combined with geophysical data.
- The 15% Iron cut-off grade was derived from the following: US\$1.00 per iron unit, based on the ArcelorMittal Mines Canada October 2009 European deliveries of concentrate (FOB Port-Cartier, Quebec) price set at US\$1.0242 per iron unit; processing of US\$1.67/tonne of ore; concentrate transport of US\$4.75/tonne of ore; G&A of US\$0.75/tonne of ore; and a process recovery of 85%.
- A bulk density of 3.30 tonnes per cubic metre was used to calculate tonnages from the volumetric estimates of the resource grade block model. The bulk density was verified by P&E site visit samples which were analyzed at SGS Lakefield.
- Any discrepancies in the estimate numbers are due to rounding effects; rounding followed the recommendations in NI 43-101.
- The Mineral Resources for the Bellechasse and Fire Lake North were estimated using the Canadian Institute of Mining, Metallurgy and Petroleum (CIM), CIM Standards on Mineral Resources and Reserves, Definitions and Guidelines prepared by the CIM Standing Committee on Reserve Definitions and adopted by CIM Council December 11, 2005.

The following table outlines sensitivities to the Resource Estimate from the previous table and presents conceptual optimized pit-shell results, undiluted and in-situ, utilizing a mining cost of US\$1.76/tonne of ore and waste, and pit slopes of 45 degrees.

@ 15% Iron cut-off grade	Conceptual Optimized-Pit Results	
	Tonnes (millions)	Grade (% Iron)
Bellechasse Claim Block		
	177.2	29.2
Fire Lake North Claim Block		
	274.4	27.7
Total	451.6	28.3

A comparison of results demonstrates the amenability of the Inferred Mineral Resources to potential open pit mining with 90% of Inferred Mineral Resource reporting within a conceptual open-pit shell.

In addition to the Inferred Mineral Resources identified at Fire Lake North, it is estimated that between 140 million to 175 million tonnes of additional “mineralized material” is present for which no sampling

data is available to estimate grade. Furthermore, magnetic signatures and 3 diamond drill holes in the NE portion of Fire Lake North indicate a complexly re-folded unit of Iron formation is present that has yet to be modeled for additional “potential resources” due to insufficient drilling. Mineralized material and potential resources are not recognized Mineral Resources categories and there is no guarantee that future exploration will convert any of this material and/or potential to compliant NI 43-101 Mineral Resources.

Iron mineralization at Bellechasse is magnetite-rich, while at Fire Lake North the primary Iron bearing mineral is specular hematite. Both varieties are typical FIOD styles of mineralization and differ from taconite Iron mineralization. The taconite is finer grained and generally less favourable for concentration, requiring more energy for crushing and grinding when compared to varieties found in the FIOD.

All drill core logging and sample preparation from the recent diamond drilling was conducted by qualified Company personnel under NI 43-101 guidelines at the Company's core logging facilities in Labrador City, Newfoundland. The NQ-sized drill core was split and one-half retained in the core tray as a reference sample while the other half core samples were individually bagged, tagged, and sealed within large sealed nylon bags and shipped by commercial ground transport for analysis to ALS-Chemex Laboratories in Val d'Or, Quebec. Certified reference standards and blank samples were inserted regularly for Quality Assurance and Quality Control purposes.

The combined 503.3 million tonne Inferred Resource represents more than 4-times the historical Mineral Resources at both Bellechasse and Fire Lake North. Drilling to date has confirmed that magnetic responses from the airborne geophysical survey flown in 2008 are linked to Iron formations along a 15km long corridor, the Bellechasse - Fire Lake Iron Corridor, one of several target areas located on the Fermont Property. The current Iron resources bode well for the other claim blocks, 6 of which host historical Mineral Resources of 578 million tonnes and another 8 claim blocks that host significant magnetic anomalies outlining Iron formations. The Iron grades of the historical Mineral Resources are similar to the producing mines and other deposits in the area. Both Bellechasse and Fire Lake North are located 20 km northeast of Consolidated Thompson Iron Mine's combined Lamalee-Peppler Lake projects, and 45 km to the south of the Bloom Lake Mine that is under construction. Fire Lake North sits adjacent to the north of ArcelorMittal's Fire Lake Mine (341 million tonnes grading 33.4% Iron), a seasonal operation that supplies ore to the Mont Wright Mine and Concentrator Complex located approximately 50 km to the north ([www.arcelormittal.com](http://www.arcelormittal.com); MRNFQ Files).

On February 2, 2010, the Company announced that a 10,000m drilling campaign was slated to begin by mid-February at the 25 km<sup>2</sup> Mammoth Iron Zone on the 69 km<sup>2</sup>/122 claims Harvey-Tuttle Claim Block (“Harvey-Tuttle”). The Company announced that it was completing the detailed design of each drill hole supported by magnetic inversion interpretations. All of the drill holes are scheduled to be 150m to 300 m in length and are aimed at outlining the maximum mineral resources for a potential open pit scenario. Also included in the current campaign is metallurgical and mineralogical testing to qualify and quantify the value of the iron mineralization.

The Company also announced that it was also preparing a 5,000m drilling program on Fire Lake North where the Company has already outlined (in 2009) NI 43-101 compliant Inferred Mineral Resources<sup>2</sup> of 288.2 million tonnes grading 27.5% Iron. Fire Lake North is contiguous to the north of ArcelorMittal's Fire Lake Mine. Once the Fire Lake North resource delineation drilling is completed the next step would be to finalize resource delineation on nearby Bellechasse and also test the Midway Claim Block which the Company believes has similar potential to Bellechasse and Fire Lake North.

Pursuant to the Fermont Agreement, to date the Company has made all the necessary cash payments and shares issuances to the Vendors and incurred more than \$750,000 in exploration work commitments. It is the Company's intention to fulfill all the requirements and expenditures needed to earn a 65% joint venture interest in the Fermont Property on or before May 27, 2012. The Company is required to make a cash payment of \$200,000 from its cash reserves and issue 400,000 common shares to the Vendors on or

before May 27, 2010. The Company anticipates completing equity financings in order to fulfill its exploration expenditure requirements pursuant to the Fermont Agreement.

*Attikamagen Lake Iron Property, Labrador and Quebec*

On July 20, 2007, the Company completed the acquisition of the Attikamagen Lake Iron Property (the “Attikamagen Property”) which consisted of 52 claims in western Labrador, located 15 km E-NE of Schefferville, Quebec.

The Company acquired a 100% interest in the Attikamagen Property from an arm’s length vendor by making cash payments totaling \$40,000 and issuing 100,000 common shares of the Company at a deemed value of \$0.30 per share. The Company has agreed to pay an aggregate royalty of \$1.50 per tonne of iron content in any and all iron ore, pellets or other product produced from the Attikamagen Property, calculated at the port when shipped. The Company has the right and option at any time to purchase the royalty upon payment of \$2.5 million.

On March 28, 2008 the Company expanded its property holdings adjacent to its wholly-owned Attikamagen Property. With the staking of the Lake Attikamagen Extension Claim Block, which consisted of 451 claims contiguous to and partially surrounding the 52 claim Attikamagen Property, Champion’s Labrador property holdings increased to 503 claims comprising 126 km<sup>2</sup>. On the Quebec side of the Labrador/Quebec border, adjacent to the northern portion of the Attikamagen Extension Claim Block, the Company staked an additional 29 claims, the Lac Sans Chef Quebec Claim Block, comprising 13.7 km<sup>2</sup>. Collectively, the Attikamagen Property, Attikamagen Extension Claim Block and Lac Sans Chef Quebec Claim Block cover 139.7 km<sup>2</sup> and will be referred to as the Attikamagen Property.

On June 18, 2008 the Company completed the acquisition of the Pterodactyl Claims consisting of 16 claims in eastern Labrador, adjacent to the Attikamagen Property. Champion acquired a 100% interest in the Pterodactyl Claims from an arm’s length vendor, through the issuance of 110,000 fully paid and non-assessable common shares of the Company. The Pterodactyl Claims represent a strategic addition to the Company’s property holdings in western Labrador. This claim group hosts the favorable Sokoman Formation that is tightly folded and repeats the favorable horizon four times within a 6 square kilometre area and form an integral part of Champion’s Attikamagen Property exploration program.

On September 3, 2008, the Company announced the acquisition of additional claims along the north-western and western perimeter of the Attikamagen Property. An additional 300 claims were staked in Quebec, and 98 claims were staked in Labrador, thereby increasing the size of the Attikamagen Property to 938 claims comprising 310.7 square kilometers extending over a 56 km strike length. The provincial boundary is the topographic high separating both provinces. The Attikamagen Property has a strike length of taconite bearing Sokoman Iron Formation of 34km in Labrador and 22km in Quebec.

On May 12, 2008, the Company and Labec Century Iron Ore Inc. (“LCIO”) signed a definitive option and joint venture agreement (the “Agreement”) to allow LCIO to earn up to a 60% interest in the Company’s Attikamagen Property. In order to earn its interest, the LCIO must incur exploration expenditures as follows:

	<b>Exploration expenditures</b>
	<b>\$</b>
<b>To earn 51% interest</b>	
March 26, 2009 (incurred)	2,500,000
March 26, 2010	2,500,000
March 26, 2011	2,500,000
	<hr/> 7,500,000
<b>To increase to 56% interest</b>	
March 26, 2012	2,500,000
<b>To increase to 60% interest</b>	
March 26, 2013	2,500,000
	<hr/> 12,500,000

In the event that the LCIO incurs exploration expenditures of at least \$3,750,000 by March 26, 2010, LCIO may give notice to the Company that it will not incur any additional exploration expenditures and then a joint venture shall be formed on the earlier of the date of the notice or March 26, 2011 and the LCIO shall be deemed to have earned an interest in the Attikamagen Property equal to 51% of exploration expenditures incurred divided by \$7,500,000. In the event that LCIO acquires an interest which is less than 51%, the Company will have the option to purchase the interest at a purchase price equal to the exploration expenditures incurred by the LCIO for 6 months after the earlier of the date of the notice or March 26, 2011.

Pursuant to the Agreement, the Company announced on August 14, 2008, October 16, 2008, November 17, 2008, February 26, 2009, April 27, 2009 February 17, 2010, updates on the field exploration program at the Attikamagen Property.

#### Attikamagen Property Exploration Program

On February 17, 2010, the Company and LCIO provided an update on the exploration program at the Attikamagen Property following the completion in 2009 of a detailed mapping and sampling campaign and a 2008 airborne magnetic survey by LCIO.

Three main taconite or magnetite (hematite) silica iron formation target areas have been identified for follow up work at Hayot Lake, Lac Sans Chef and Jennie Lake. Systematic metallurgical tests are underway to quantify the efficiency of weight recovery by magnetic and gravity separation on representative composite samples for each area. Following these results, a drill program is planned for the summer of 2010.

The Attikamagen Property also has very good potential for identifying and building Direct Shipping Ore (or "DSO") mineral resources. The DSO term was used by previous operators in the Schefferville area to designate "oxidized iron ore" with iron grades in excess of 55%, and is only used here for historical reference and is not intended to imply that a positive economic study has been completed on the Attikamagen Property. As such, concurrently with the taconite exploration program, a DSO exploration program is planned for the summer of 2010. A 20 line-kilometer gravity survey over four favorable DSO target areas has been initiated and is expected to be completed this winter.

In April 2009, the Company completed geophysical Magnetic Inversions ("MI"), Magnetic Volumetric Estimates ("MVE") and Taconite Tonnage Potential Estimates ("TTPE") (*refer to the April 27, 2009 news release by the Company*). The objective of the study (the "Study") was to better understand the geometry of the taconite iron formation on the Property. The airborne vertical gradient magnetic survey

response was utilized for the MI and MVE of the taconites across the entire 80km long Attikamagen Property and more specifically in the selected target areas.

The Study and the Taconite tonnage Potential Estimates or TTPE were part of a NI 43-101 *Technical Report*, available with the Company's other filings on SEDAR at [www.sedar.com](http://www.sedar.com).

MI are generally used in outlining the lengths, widths, depths and dips of the magnetic units, in this case taconites, ultimately resulting in an estimate of their volumes ("MVE") and also conceptual Taconite Tonnage Potential Estimates ("TTPE") at different specific gravities, but not their grades. The Company and LCIO are of the opinion the MVE and conceptual TTPE can add value to the exploration targeting process at the Attikamagen Property by producing higher quality drill targets to possibly convert the conceptual TTPE to mineral resources. The conceptual TTPE quantities are strictly conceptual in nature, being used to refine exploration efforts, and are stated as a range of tonnes, in that there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the conceptual TTPE being delineated as a Mineral Resource.

At specific gravities of 3.0, 3.3 and 3.6 tonnes/m<sup>3</sup>, the total conceptual TTPE in explored and unexplored areas of the Attikamagen Property vary from 24.404 billion to 29.285 billion tonnes of iron formation; whereas the field sampled or explored taconites iron formations yielded values ranging from 3.873 billion to 4.651 billion tonnes and 1.355 billion to 1.626 billion tonnes, of iron formation respectively for the Lac-Sans-Chef and Jennie Lake sectors.

Taconites at Lac-Sans-Chef demonstrate excellent upside conceptual potential where tightly folded taconite iron formations with 8 fold-repetitions form intervals of magnetite-rich rocks that extend 3km in length and 300m in width. Previously released channel and grab sample assays (*refer to the Company's news release dated February 26, 2009*) from Lac-Sans-Chef averaged 26.79% Iron, and assays from limited drill core averaged 27.93% Iron; whereas the Jennie Lake channel and grab sample assays averaged 30.66% Iron.

Locally where the magnetic signature is relatively lower along strike of higher magnetic anomalies there is a good potential for DSO. Typically the DSO is found in low-lying areas where the taconite does not outcrop since it is usually softer and more friable and has been scraped to a lower elevation due to glaciations. The ongoing gravity surveys will help to refine these target areas where a low magnetic response corresponds with a high gravity anomaly.

The Attikamagen Property could potentially host significant taconite mineral resources with grades in the range of 26.5% to 30% Iron based on the limited surface and drill core sampling to date. The conceptual TTPE and assay grades are very similar to those outlined in the Schefferville Mining Camp of Quebec and Labrador for the LabMag and KeMag Deposits containing NI 43-101 Measured and Indicated Resources of 4.590 Billion Tonnes at 29.32% Iron and 1.349 Billion Tonnes at 30.9% Iron respectively (*New Millenium Capital Corp. website*).

Pursuant to the Agreement LCIO is solely responsible for funding the Attikamagen Property exploration program.

#### *Gullbridge and Powderhorn Base Metals Properties, Newfoundland*

On May 5, 2008, the Company executed a definitive option and joint venture agreement (the "Gullbridge Agreement") with Copper Hill Resources Inc. ("Copper Hill") to acquire an interest in the Gullbridge Base Metals Property (the "Gullbridge Property"), in the Buchans Mining Camp, Newfoundland. The Gullbridge Property adjoins the Company's National Instrument 43-101 Qualifying Powderhorn Property ("Powderhorn" or "Powderhorn Property") to the southeast.



In order to earn its interest in the Gullbridge Property, the Company must make the option payments, issue common shares and incur exploration expenditures as follows:

	Option payments \$	Common shares	Exploration expenditures \$
<b>To earn 51% interest</b>			
On closing (paid and issued)	10,000	50,000	–
May 5, 2009 (paid, issued and incurred)	10,000	100,000	200,000
May 5, 2010	10,000	150,000	200,000
May 5, 2011	–	–	400,000
	30,000	300,000	800,000
<b>To increase to 75% interest</b>			
2 years after earning 51% interest	–	150,000	700,000
<b>To increase to 85% interest</b>			
	–	–	All necessary expenditures up to the completion of a positive bankable feasibility study

The Company entered into an option agreement (the “Option Agreement”) on June 11, 2006 with Copper Hill to acquire a 70% interest in the Powderhorn mineral exploration property. The Powderhorn Property consists of a total of 115 claims covering an area of 29 square kilometres situated in the Buchans-Robert's Arm Belt, in Central Newfoundland, Canada. It is approximately 40 km to the NE of, and on strike with, the renowned Buchans Mine Volcanogenic Massive Sulphide (“VMS”) deposits which produced 16.2 million tonnes from 5 ore bodies with average mill head grades of 14.5% Zn, 7.6% Pb, 1.3% Cu, 126 g/t Ag and 1.4 g/t Au (source: J.G. Thurlow, 1990).

Pursuant to the Option Agreement, the Company has the option to acquire a 70% interest in the Powderhorn Property. In order to earn its interest, the Company must make option payments, issue common shares and incur exploration expenditures as follows:

	Option payments \$	Common shares	Exploration expenditures \$
<b>To earn 70% interest</b>			
Paid, issued and incurred prior to March 31, 2008	40,000	250,000	200,000
June 11, 2008 (paid, issued and incurred)	10,000	250,000	300,000
At the earliest date the Company completes the exploration expenditure requirements, makes an economic discovery as evidenced by a pre-feasibility study or June 11, 2009 (issued)	–	100,000	–
June 11, 2010	–	–	500,000
	50,000	600,000	1,000,000

The Powderhorn Property is encumbered with a 2.85% net smelter royalty (“NSR”), of which 1.85% can be purchased by the joint venture participants for \$2,300,000 to reduce the NSR to 1.0%.

On February 17, 2009, the Company announced that diamond drilling, logging and sample assay results had been received for 3 diamond drill holes completed in January 2009 on the Powderhorn and Gullbridge Properties. The work is being partially funded by a 2008 Government of Newfoundland and Labrador Ministry of Natural Resources grant under the *Junior Company Exploration Assistance Program* awarded to its joint-venture partner Copper Hill Resources Inc.

A total of 1,477 m of drilling was completed in 3 holes (PH09-01 to 03) designed to test the first 3 of 5 coincident ground gravity and airborne magnetic anomalies identified on the two properties. The first two holes (PH09-01 and PH09-02) were drilled on the Powderhorn Property and the third hole was drilled on the Gullbridge Property (PH09-03) located contiguously to the north and northwest of Powderhorn Lake. A brief description of the 3 drill holes is available under the Company's filings at [www.sedar.com](http://www.sedar.com) or on the Company's website [www.championminerals.com](http://www.championminerals.com).

The Company's geological model for the Gullbridge-Powderhorn area is similar geologically and in metallogenic context to the Neves Corvo area of the Iberian Pyrite Belt in Portugal. The large massive sulphide deposits of Neves Corvo lay below extremely conductive sedimentary rocks (similar to the Gullbridge-Powderhorn area) that made their discovery by conventional electromagnetic geophysical methods more difficult. Gravity surveying provided critical data necessary to delineate prospective base metal horizons at Neves Corvo, eventually leading to the discovery of the World-Class base metal deposit.

In 2009, the Company plans to proceed with the gravity modelling and pending further drilling results, proceed with down-hole electromagnetic surveys and deepening of PH09-01 and DP09-03 to further evaluate target areas 1 and 3 identified from a gravity survey the Company completed on the area. The magnetite-ilmenite potential of target area 2 will be evaluated in addition to drill testing the two principal remaining target areas 4 and 5.

The Company is investigating the Gullbridge-Powderhorn area by applying a similar strategy that led to Neves Corvo discoveries. The Company contracted Abitibi Geophysics of Val d'Or (Quebec) to complete a regional ground gravity survey over the eastern half of the Gullbridge Property and the NW portion of the adjoining Powderhorn ground. A total of 1,360 stations were surveyed on 200m centers covering 57.5 km<sup>2</sup> of both properties. Five high priority target areas (Target areas 1 to 5) were identified for follow-up investigation that may coincide with possible Volcanogenic Massive Sulphides style mineralization typical of the Buchans Mining Camp.

The Company has completed all the necessary option payments and common share issuances to Copper Hill pursuant to the Option Agreement for the Powderhorn Property. The Company is required to expend \$500,000 in exploration on or before June 11, 2010 in order to earn a 70% interest in the Powderhorn. To date the Company has made option payments totaling \$50,000, issued 600,000 common shares to Copper Hill and incurred \$500,000 in exploration expenditures.

Pursuant to the Gullbridge Agreement the Company is required to make a final option payment of \$10,000 and complete a final share issuance of 150,000 common shares to Copper Hill, as well as incur \$200,000 in exploration expenditures on or before May 5, 2010. To date the Company has made option payments totaling \$20,000, issued 150,000 common shares to Copper Hill and incurred \$200,000 in exploration expenditures.

It is the Company's intention to meet its ongoing requirements in order to complete its earn-in for the Powderhorn and Gullbridge Properties. The Company currently has the cash requirements needed in order to fulfill its exploration expenditure requirements pursuant to the Powderhorn and Gullbridge Agreements.

## Risks and Uncertainties

The Company is exposed to financing risk as it is not in commercial production on any of its mineral resource properties, and accordingly, has no revenues. The Company finances its operations by raising capital in the equity markets. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available in the future, particularly in light of the current financial equity market conditions.

The Company is exposed to the inherent risks associated with mineral exploration and development, including the uncertainty of mineral resources and their development into mineable reserves; the uncertainty as to potential project delays from circumstances beyond the Company's control; and the timing of production; as well as title risks, risks associated with joint venture agreements and the possible failure to obtain mining licenses.

The Company is exposed to commodity price risk with respect to iron ore prices. A significant decline in metal commodity prices may affect the Company's ability to obtain capital for the exploration and development of its mineral resource properties.

## Results of Operations

### 9 months ended December 31

	2009	2008
	\$	\$
<b>Expenses</b>		
Professional fees	43,090	109,894
Consulting fees	136,200	144,805
Stock-based compensation	503,236	172,000
General and administrative	187,251	164,082
Investor relations	161,744	54,385
Travel	166,783	36,290
	1,198,304	680,456
<b>Loss before the following item</b>	(1,198,304)	(680,456)
Management fees	42,000	-
<b>Loss before income taxes</b>	(1,156,304)	(680,456)
Future income tax recovery	-	(41,700)
<b>Loss for the period</b>	(1,156,304)	(722,156)

The increase in stock-based compensation reflects the fair value for stock options granted in the current period and the increase in investor relations and travel reflect the costs of the Company's efforts to expand its shareholder base in Europe and Dubai.

**3 months ended December 31**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Expenses</b>		
Professional fees	5,593	19,603
Consulting fees	49,700	47,091
Stock-based compensation	116,047	-
General and administrative	58,093	166,119
Investor relations	34,808	-
Travel	52,382	-
	<u>316,622</u>	<u>232,812</u>
<b>Loss before income taxes</b>	(316,622)	(232,812)
Future income tax recovery	-	(41,700)
<b>Loss for the period</b>	<u>(316,622)</u>	<u>(274,512)</u>

The increase in stock-based compensation reflects the fair value for stock options granted in the current period and the increase in investor relations and travel reflect the costs of the Company's efforts to expand its shareholder base in Europe and Dubai.

**Summary of Quarterly Results**

	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>
	<b>2008</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2009</b>	<b>2010</b>	<b>2010</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenue	Nil	Nil	Nil	Nil	Nil	42,000	Nil	Nil
Loss								
- Total	160,489	337,529	110,114	274,512	68,043	183,499	656,182	316,622
- Per share	0.01	0.02	0.01	0.02	0.00	0.00	0.03	0.013

The loss for the first quarter of 2009 included stock-based compensation for stock options granted during the quarter. The loss for the second quarter of 2010 includes stock-based compensation of \$387,189 for stock options granted during the quarter. The loss for the third quarter of 2010 includes stock-based compensation of \$116,047 for stock options granted during the quarter.

**Liquidity and Capital Resources**

The Company is not in commercial production on any of its mineral resource properties, and accordingly, the Company has no revenues. The Company finances its operations by raising capital in the equity markets.

The Company monthly burn rate (excluding discretionary investor relation and travel expenses) is approximately \$50,000 and the Company is committed to make the following payments during the next year to retain its interests in its mineral resource properties:

<b>Property</b>	<b>Nature of payment</b>	<b>Amount \$</b>	<b>Due date</b>
Fermont	Option payment	200,000	May 27, 2010
Gullbridge	Option payment	10,000	May 5, 2010
	Exploration expenditures	200,000	May 5, 2010
Powderhorn	Exploration expenditures	500,000	June 11, 2010

As at December 31, 2009, the Company had a working capital of \$2,042,534, which included cash of \$2,267,680, which is not sufficient to enable the Company to fund its operations and exploration of mineral resource properties. While the Company has sufficient funds to meet its current commitments, the Company will require additional funding to fund its operations and the exploration of its mineral resource properties. Without additional funding, there is substantial doubt as to the Company's ability to continue as a going concern. The Company is actively seeking to raise the necessary capital to meet its funding requirements. Although the Company has been successful in raising funds to date, there can be no assurance that additional funding will be available.

Subsequent to the year end, the Company raised additional funding to meet existing obligations and to finance its existing operations and commitments.

#### Financings

On December 31, 2009, the Company completed a private placement of 4,594,780 units at a price of \$0.55 per flow-through unit for gross proceeds of \$2,527,129. Each flow-through unit consists of one common share issued on a flow-through basis under the Income Tax Act (Canada) and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of \$0.85 per share until June 30, 2011.

On January 11, 2010, the Company completed a private placement of 3,800,000 units at a price of \$0.50 per unit for gross proceeds of \$1,900,000. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of \$0.75 per share until July 11, 2011.

On January 13, 2010, the Company completed a private placement of 3,500,000 common shares at a price of \$0.48 per share for gross proceeds of \$1,680,000.

On February 22, 2010, the Company completed a private placement of 1,799,999 units at a price of \$0.60 per unit for gross proceeds of \$1,080,000. Each unit consisted of one common share and one-half of one common share purchase warrant, each whole warrant entitling the holder to purchase one common share at a price of \$0.90 per share until August 22, 2011.

#### Warrant Acceleration

On February 19, 2010, the Company announced that it intends to accelerate the expiry date of 3,200,000 warrants (the "Warrants") to purchase common shares of the Company to March 18, 2010 (the "New Expiry Date").

The Warrants were issued as part of a private placement that was completed in September 2009. Each Warrant is exercisable to purchase one common share at a price of \$0.50 per share. In accordance with the terms of the Warrants, the Company has the right to accelerate the expiry date of the Warrants if the average closing price of the common shares on the TSX Venture Exchange is greater than \$0.75 per share for 20 consecutive business days (the "20-Day Period") after January 16, 2010, provided that the Company provides notice of same in writing to the holders of the Warrants by way of registered mail (the "Notice"), in which event the expiry date of the Warrants will be accelerated to the date that is 10

calendar days after the date on which Notice is given. The 20-Day Period was completed on February 12, 2010 and the Company intends to send out Notices on or before March 8, 2010, advising the holders of the Warrants of the New Expiry Date.

Following mailing of the Notice of the New Expiry Date, Warrant holders may exercise their rights to acquire common shares by duly completing and executing the exercise form attached to the Warrant certificate and surrendering the Warrant certificate to the Company together with cash or a certified cheque in lawful money of Canada payable to or to the order of the Company for the aggregate exercise price before 5:00 p.m. (Toronto time) on March 18, 2010. Failure to exercise the Warrants on or before the accelerated expiry date of March 18, 2010 will mean that all unexercised Warrants shall expire and be void and of no further force and effect after March 18, 2010.

If all of the Warrants are exercised, 3,200,000 common shares will be issued by the Company and the Company will receive proceeds of \$1,600,000.

The net proceeds of the private placements and from the exercise of the Warrants will be used for working capital and to finance continued exploration programs at the Company's exploration properties excluding the Attikamagen Property which is currently being financed by LCIO.

### Related Party Transactions

	<b>9 months ended December 31, 2009 \$</b>	<b>Outstanding as at December 31, 2009 \$</b>
<b>Mineral resource properties, geological consulting services</b>		
Alex Horvath, a director of the Company	25,138	37,275
Jean Lafleur	46,979	56,832
MRB & Associates, a company controlled by Martin Bourgoin, Executive Vice President, Exploration/Operations	220,774	—
Jeff Hussey & Associates Inc., a company controlled by Jeff Hussey, Vice President, Exploration	50,361	24,387
<b>Consulting fees</b>		
847785 Ontario Ltd., a company controlled by Thomas G. Larsen, for his services as President and Chief Executive Officer of the Company	33,000	—
Marlborough Management Limited, a company controlled by Miles Nagamatsu, for his services as Chief Financial Officer of the Company.	18,000	—
J. Estepa Consulting Inc., a company controlled by Jorge Estepa, for his services as Vice President and Corporate Secretary of the Company	18,000	—
<b>Legal fees</b>		
Sheldon Huxtable Professional Corporation, a law firm controlled by Donald A. Sheldon, a director of the Company	22,246	13,905

These transactions were in the normal course of business and are recorded at an exchange value established and agreed upon by the related parties.

## **Critical Accounting Estimates**

### *Mineral resource properties*

Costs relating to the acquisition, exploration and development of mineral resource properties are deferred until the properties are brought into commercial production, at which time, they are amortized over the estimated useful life of the related property on a unit-of-production basis. The cost of mineral resource properties includes the cash consideration and the fair value of shares issued on the date the property is acquired. The proceeds from options granted on properties are credited to the cost of the related property. When a property is determined to be non-commercial, non-productive or its value impaired, those costs in excess of estimated recoveries are charged to operations.

The recoverability of amounts shown for mineral resource properties is dependent upon the ability of the Company to obtain financing to complete the exploration and development of its mineral resource properties, the existence of economically recoverable reserves and future profitable production, or alternatively, upon the Company's ability to recover its costs through a disposition of its mineral resource properties.

The amount shown for mineral resource properties does not necessarily represent present or future value. Changes in future conditions could require a material change in the amount recorded for mineral resource properties.

### *Stock-based compensation*

Stock-based compensation is determined using the Black-Scholes option pricing model, which requires the input of subjective assumptions, including the expected price volatility of the Company's common shares and the expected life of the options. Changes in these input assumptions can materially affect the estimate of fair value.

## **Changes in Accounting Policies including Initial Adoption**

On April 1, 2009, the Company adopted CICA Handbook Section 3031, "Inventories", which replaced Section 3030. The new standard requires that inventories be measured at the lower of cost and the net realizable value, provides guidelines on determining cost, prohibits the use of the last-in, first-out method (LIFO) and requires the reversal of a previous write-down when the value of inventories increases.

On April 1, 2009, the Company adopted CICA Handbook Section 3064, "Goodwill and Intangible Assets" which replaced Section 3062. Concurrent with the introduction of this standard, the CICA withdrew EIC27, Revenues and Expenses during the pre-operating period. The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. The new standard also provides guidance for the treatment of pre-production and start-up costs and requires that these costs be expensed as incurred.

The adoption of these new standards did not have an effect on the Company's financial statements.

## **Future Changes in Accounting Policies**

On January 1, 2011, the Company will adopt CICA Handbook Section 1582, "Business Combinations", which will replace Section 1581, "Business Combinations". The new standard establishes standards for the recognition and measurement of identifiable assets acquired, liabilities assumed, non-controlling interest in the acquiree and goodwill acquired in a business combination.

On January 1, 2011, the Company will adopt CICA Handbook Sections 1601, "Consolidated Financial Statements" and Section 1602, "Non-controlling Interests", which together, will replace section 1600, "Consolidated Financial Statements". Section 1601 establishes standards for the preparation of consolidated financial statements and Section 1602, establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

The Company does not expect the adoption of these new standards to have an effect on the Company's financial statements.

**International Financial Reporting Standards (“IFRS”):**

In February 2008, the CICA Accounting Standards Board confirmed that the changeover to IFRS from Canadian generally accepted accounting principles will be required for publicly accountable enterprises, effective for the interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. Accordingly, the Company will report interim and annual financial statements in accordance with IFRS commencing with the interim financial statements for the 3 months ended June 30, 2012. The transition date of January 1, 2011, will require the restatement for comparative purposes of amounts reported by the Company for the year ended March 31, 2011.

The Company has commenced the development of an IFRS implementation plan to prepare for this transition, and is in the process of analyzing the key areas where changes to current accounting policies may be required. While an analysis will be required for all accounting policies, the initial key areas of assessment will include:

- Exploration and development expenditures;
- Provisions, including asset retirement obligations
- Stock-based compensation;
- Accounting for income taxes; and
- First-time adoption of International Financial Reporting Standards (IFRS 1).

As the analysis of each of the key areas progresses, other elements of the Company's IFRS implementation plan will also be addressed, including: the implication of changes to accounting policies and processes; financial statement note disclosures on information technology; internal controls; contractual arrangements; and employee training. The table below summarizes the expected timing of activities related to the Company's transition to IFRS:

Initial analysis of key areas for which changes to accounting policies may be required	In progress, expected to be completed by March 31, 2010
Detailed analysis of all relevant IFRS requirements and identification of areas requiring accounting policy changes or those with accounting policy alternatives	Throughout 2010
Assessment of first-time adoption (IFRS 1) requirements and alternatives	Throughout 2010
Final determination of changes to accounting policies and choices to be made with respect to first-time adoption	Q4 2010 - Q1 2011
Resolution of the accounting policy change implications on information technology, internal controls and contractual arrangements	Q4 2010 – Q2 2011
Management and employee education and training	Throughout the transition process
Quantification of the financial statement impact of changes in accounting policies	Throughout 2011



## Other Information

### *Additional Disclosure for Venture Corporations without Significant Revenue*

The following table sets forth a breakdown of material components of the general and administration costs, capitalized or expensed exploration and development costs of the Company for the periods indicated.

	<b>9 months ended December 31</b>	
	<b>2009</b>	<b>2008</b>
	\$	\$
<b>General and administrative expenses</b>		
Premises	44,030	14,376
Office	101,686	86,190
Public company costs	41,535	63,516
	187,251	164,082

  

	<b>March 31, 2009</b>	<b>Acquisition costs</b>	<b>Exploration</b>	<b>December 31, 2009</b>
	\$	\$	\$	\$
Powderhorn	1,257,444	38,000	(1,118)	1,294,326
Attikamagen	442,771	–	(3,373)	439,398
Gullbridge	359,547	33,000	(83,330)	309,217
Pterodactyl	63,800	–	–	63,800
Fermont	1,772,250	287,000	790,060	2,849,310
Bellechase	–	–	28,000	28,000
Harvey Tuttle	–	–	21,535	21,535
	3,895,812	358,000	751,773	5,005,585

### **Shares Outstanding at February 26, 2010**

#### ***Shares***

Authorized:

Unlimited number of common shares.

Outstanding:

38,653,314 common shares.

**Warrants**

Outstanding:

<b>Exercise price</b>	<b>Warrants outstanding</b>	<b>Expiry date</b>
Common share warrants		
\$0.50 (note)	2,630,000	March 14, 2011
\$0.70	1,812,500	June 5, 2010
\$0.40	362,500	June 5, 2010
\$0.85	2,519,087	June 30, 2011
\$0.75	1,973,500	July 11, 2011
\$0.60	350,000	July 13, 2011
\$0.90	900,000	August 22, 2011
	<b>10,547,587</b>	

Note: See “Warrant Acceleration” on page 13 above regarding the Company’s intention to accelerate the expiry date to March 18, 2010.

Unit warrants		
\$0.55	263,360	June 30, 2011
\$0.50	70,000	July 11, 2011
	<b>333,360</b>	

**Stock options**

Authorized:

The Company has a fixed stock option plan, under which, the Company may grant up to 4,075,000 stock options. On January 14, 2010, the Company increased the number of shares which may be subject to option grants under the stock option plan to 7,600,000, subject to shareholder and securities regulatory approvals.

Outstanding:

<b>Exercise price</b>	<b>Options outstanding</b>	<b>Options exercisable</b>	<b>Expiry date</b>
\$0.45	1,000,000	1,000,000	January 10, 2013
\$0.70	310,000	310,000	May 16, 2013
\$0.30	1,445,000	1,445,000	September 16, 2014
\$0.33	152,500	152,500	September 24, 2014
\$0.405	380,000	380,000	November 9, 2014
	<b>3,552,500</b>	<b>3,552,500</b>	

**Forward-Looking Statements**

All statements made in this MD&A, other than statements of historical fact, are forward-looking statements. The words “anticipate”, “believe”, “estimate”, “expect”, “intend”, “may”, “plan”, “will”, “would”, “should”, “guidance”, “potential”, “continue”, “project”, “forecast”, “confident”, “prospects”, and similar expressions typically are used to identify forward-looking statements. Forward-looking statements are based on the then-current expectations, beliefs, assumptions, estimates and forecasts about the Company’s business and the industry and markets in which it operates. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions which are difficult to predict. Therefore, actual outcomes and results may differ materially from what is expressed or implied by these forward-looking statements due to a number of factors, including but not limited to the Company’s access to additional capital to fund future activities, the loss of mineral properties or the inability to obtain mining licences, the inherently risky nature of the Company’s activities and its lack of experience in bringing an exploration property into production, foreign exchange fluctuations, the political stability and economic uncertainty of those areas in which the Company carries on operations

and the lack of infrastructure in those areas, title risks, the risks and uncertainties associated with joint ventures and the Company's reliance on third parties, statutory and regulatory compliance, the adequacy and availability of insurance coverage, the Company's dependence upon employees and consultants and fluctuations in mineral prices. These risks, as well as others, could cause actual results and events to vary significantly.

**Additional Information**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).