

**CHAMPION RESOURCES INC.**  
**INTERIM CONSOLIDATED BALANCE SHEET**  
(in Canadian Dollars)

	<b>March 31, 2003 (Unaudited)</b>	<b>December 31, 2002 (Audited)</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 18,961	\$ 73,346
Accounts receivable	4,717	4,623
Prepaid expenses	-	6,375
	23,678	84,344
Investment	30,000	30,000
Loan receivable	90,000	90,000
Mineral properties and related expenditures	6,942,792	6,911,581
Capital assets, net	12,056	12,056
	\$ 7,098,526	\$ 7,127,981

<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 319,192	\$ 339,975
Due to related parties	108,496	76,982
	427,688	416,957

<b>SHAREHOLDERS' EQUITY</b>		
Share capital (Note 3)		
Authorized -		
100,000,000 common shares without par value		
Issued and outstanding -		
5,362,894 common shares	16,913,801	16,913,801
Contributed surplus - stock options	14,933	10,890
Deficit	(10,257,896)	(10,213,667)
	6,670,838	6,711,024
	\$ 7,098,526	\$ 7,127,981

Approved by the Board:

"Richard P. Clark"  
Director

"Paul K. Conibear"  
Director

**CHAMPION RESOURCES INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF LOSS AND DEFICIT**  
(in Canadian Dollars)  
(Unaudited)

	<b>Three months ended March 31, 2003</b>	<b>Three months ended March 31, 2002</b>
	<u>                    </u>	<u>                    </u>
Expenses		
Consulting	\$ 325	\$ 11,508
Interest and bank charges	239	5,188
Management fees	46,132	60,000
Office and general	6,694	7,668
Professional fees	4,256	12,694
Promotion and public relations	441	1,829
Stock exchange and filing fees	4,712	7,556
Transfer agent and shareholder information	1,608	8,498
Travel	2,159	13,157
	<u>66,566</u>	<u>128,098</u>
 Other (income) expenses		
Interest income	(321)	(30)
Foreign exchange (gain) loss	(22,016)	805
	<u>(22,337)</u>	<u>775</u>
 Loss for the period	44,229	128,873
 Deficit, beginning of the period	<u>10,213,667</u>	<u>9,257,723</u>
 Deficit, end of the period	<u>\$ 10,257,896</u>	<u>\$ 9,386,596</u>
 Basic and diluted loss per common share	<u>\$ 0.01</u>	<u>\$ 0.04</u>
 Weighted average number of shares outstanding	<u>5,362,894</u>	<u>3,675,394</u>

**CHAMPION RESOURCES INC.**  
**INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in Canadian Dollars)  
(Unaudited)

	<b>Three months ended March 31, 2003</b>	<b>Three months ended March 31, 2002</b>
Cash flows (for) operating activities		
Loss for the period	\$ (44,229)	\$ (128,873)
Net changes in non-cash working capital items		
Accounts receivable and other current assets	6,281	397
Accounts payable and accrued liabilities	(20,783)	(1,158)
Due to related party	31,514	202,297
	<u>(27,217)</u>	<u>72,663</u>
Cash flows (for) investing activities		
Mineral properties and related expenditures	<u>(27,168)</u>	<u>(87,591)</u>
Cash flows from financing activities		
Common shares issued	<u>-</u>	<u>224,000</u>
(Decrease) increase in cash	(54,385)	209,072
Cash, beginning of period	<u>73,346</u>	<u>89,041</u>
Cash, end of period	<u>\$ 18,961</u>	<u>\$ 298,113</u>

**CHAMPION RESOURCES INC.**  
**INTERIM CONSOLIDATED SCHEDULES OF MINERAL PROPERTIES**  
**AND RELATED EXPENDITURES**  
**(in Canadian Dollars)**  
**(Unaudited)**

	<b>Three months ended March 31, 2003</b>	<b>Three months ended March 31, 2002</b>
<b>Farim Project, Guinea Bissau</b> (West Africa)		
Acquisition, leases and taxes	\$ -	\$ 40,024
Geological	7,482	-
Office and administration	1,012	9,288
Offshore management and contractors	12,688	18,780
Stock based compensation expense	4,043	-
Transportation and travel	5,986	11,110
Incurred during the period	<u>31,211</u>	<u>79,202</u>
Balance - beginning of period	<u>6,739,417</u>	<u>6,597,596</u>
Balance - end of period	<u>6,770,628</u>	<u>6,676,798</u>
<b>Guinea Bissau Reconnaissance</b> (West Africa)		
General reconnaissance		
Balance - beginning of period	-	561,758
Write-off of mineral property interests	-	-
Balance - end of period	<u>-</u>	<u>561,758</u>
Diamond reconnaissance		
Geological	-	7,378
Maps	-	1,011
Incurred during the period	-	8,389
Balance - beginning of period	<u>172,164</u>	<u>162,768</u>
Balance - end of period	<u>172,164</u>	<u>171,157</u>
<b>Total</b>	<u>\$ 6,942,792</u>	<u>\$ 7,409,713</u>

**CHAMPION RESOURCES INC.**  
**NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2003**  
**(Unaudited)**

**1. Basis of Presentation**

The unaudited interim consolidated financial statements of Champion Resources Inc. (the "Company") are prepared in accordance with accounting principles generally accepted in Canada using the same accounting policies and methods of application as those disclosed in Note 2 to the Company's consolidated financial statements for the year ended December 31, 2002.

These interim consolidated financial statements do not contain all of the information required by generally accepted accounting principles for annual financial statements and therefore should be read in conjunction with the consolidated financial statements included in the Company's 2002 Annual Report.

**2. Subsequent Event**

Subsequent to March 31, 2003, the Company completed a private placement of 1,030,000 units of the Company at a price of \$0.40 per unit for gross proceeds of \$412,000. Each unit comprises one common share and one share purchase warrant. Each warrant shall be exercisable into one common share of the Company over a period of two years at a price of \$0.40 the first year and \$0.50 the second year.