

CHAMPION RESOURCES INC.
CONSOLIDATED BALANCE SHEETS
(in Canadian Dollars)

	<u>March 31, 2002 (Unaudited)</u>	<u>December 31, 2001 (Audited)</u>
ASSETS		
Current assets		
Cash	\$ 298,113	\$ 89,041
Accounts receivable	10,877	11,274
	<u>308,990</u>	<u>100,315</u>
Investment	20,000	20,000
Loan receivable	120,000	120,000
Mineral properties and related expenditures	7,409,713	7,322,122
Capital assets, net	27,489	27,489
	<u>\$ 7,886,192</u>	<u>\$ 7,589,926</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 363,992	\$ 365,150
Due to related parties	445,995	243,698
	<u>809,987</u>	<u>608,848</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 3)		
Authorized - 100,000,000 common shares without par value		
Issued and outstanding - 3,675,394 common shares	16,238,801	16,238,801
Shares to be issued	224,000	-
Deficit	(9,386,596)	(9,257,723)
	<u>7,076,205</u>	<u>6,981,078</u>
	<u>\$ 7,886,192</u>	<u>\$ 7,589,926</u>

Approved by the Board:

"Richard P. Clark"
Director

"Paul K. Conibear"
Director

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

	Three months ended March 31, 2002	Three months ended March 31, 2001
Cash flows (for) operating activities		
Loss for the period	\$ (128,873)	\$ (198,270)
Item not affecting cash		
Amortization	-	513
	<u>(128,873)</u>	<u>(197,757)</u>
Net changes in non-cash working capital items		
Accounts receivable and other current assets	397	6,267
Accounts payable and accrued liabilities	(1,158)	111,832
Due to related parties	202,297	(6,952)
	<u>72,663</u>	<u>(86,610)</u>
Cash flows (for) investing activities		
Mineral properties and related expenditures	<u>(87,591)</u>	<u>(102,723)</u>
Cash flows from financing activities		
Common shares to be issued	<u>224,000</u>	<u>-</u>
Decrease in cash	209,072	(189,333)
Cash, beginning of period	<u>89,041</u>	<u>273,111</u>
Cash, end of period	<u>\$ 298,113</u>	<u>\$ 83,778</u>

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

	Three months ended March 31, 2002	Three months ended March 31, 2001
Farim Project, Guinea Bissau (West Africa)		
Acquisition, leases and taxes	\$ 40,024	\$ -
Offshore management and contractors	18,780	91,763
Office and administration	9,288	-
Camp and general	-	1,023
Geological and geochemical	-	9,937
Transportation and travel	11,110	-
Incurred during the year	<u>79,202</u>	<u>102,723</u>
Balance - beginning of period	<u>6,597,596</u>	<u>6,289,538</u>
Balance - end of period	<u>6,676,798</u>	<u>6,392,261</u>
Guinea Bissau Reconnaissance (West Africa)		
General reconnaissance		
Beginning and end of year	<u>561,758</u>	<u>561,758</u>
Diamond reconnaissance		
Geological and geochemical	7,378	-
Maps	<u>1,011</u>	<u>-</u>
Incurred during the year	8,389	-
Balance - beginning of period	<u>162,768</u>	<u>38,086</u>
Balance - end of period	<u>171,157</u>	<u>38,086</u>
Total	<u>\$ 7,409,713</u>	<u>\$ 6,992,105</u>

CHAMPION RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2002
(Unaudited)

1. Significant Accounting Policies

The consolidated financial statements of Champion Resources Inc. (the "Company") are prepared in accordance with accounting principles generally accepted in Canada using, except as discussed in Note 2, 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, 2001.

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 2001 Annual Report.

2. Accounting Change

The Company has adopted the recommendations of the new CICA Handbook Section 3870, Stock-based Compensation and Other Stock-based Payments, which is effective January 1, 2002. This section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments in exchange for goods and services. The section requires that all stock-based awards made to non-employees be measured and recognized using a fair-value based method. The section encourages a fair-value based method for all awards granted to employees, but only requires the use of a fair value based method for direct awards of stock, stock appreciation rights, and awards that call for settlement in cash or other assets.

The Company has adopted the intrinsic value method in accounting for stock options granted to directors and employees. Under this method, compensation costs are not recognized in the financial statements for stock options granted to directors and employees when issued at market value. The section does, however, require the disclosure on a pro forma basis of the impact on operations of using the fair-value based method for stock options granted to directors and employees on or after January 1, 2002. If the fair-value based method had been used, there would have been no effect on the Company's net loss and net loss per share for the three months ended March 31, 2002 as there were no stock options granted in this period.

3. Subsequent Event

Subsequent to March 31, 2002, the Company completed a private placement of 1,687,500 units at a price of \$0.40 per unit for gross proceeds of \$675,000. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable over a two-year period at a price of \$0.40 in the first year and \$0.50 in the second year.