

AUDITORS' REPORT

To the Shareholders of Champion Resources Inc.:

We have audited the consolidated balance sheets of Champion Resources Inc. as at December 31, 2000 and 1999 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles. As required by the Company Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

"STALEY, OKADA, CHANDLER & SCOTT"

Burnaby, B.C.
May 4, 2001

STALEY, OKADA, CHANDLER & SCOTT
CHARTERED ACCOUNTANTS

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

	<u>December 31, 2000</u>	<u>December 31, 1999</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 273,111	\$ 608,345
Accounts receivable	19,593	162,285
Due from related party	18,424	46,861
Prepaid expenses	<u>28,751</u>	<u>86,333</u>
	339,879	903,824
Reclamation bond	-	24,621
Loan receivable (Note 3(c))	140,000	-
Mineral properties and related expenditures (Note 3)	6,889,382	7,125,207
Capital assets (Note 4)	<u>48,817</u>	<u>75,073</u>
	<u>\$ 7,418,078</u>	<u>\$ 8,128,725</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	\$ 449,538	\$ 307,555
Due to related parties	<u>95,928</u>	<u>92,076</u>
	<u>545,466</u>	<u>399,631</u>
SHAREHOLDERS' EQUITY		
Share capital (Note 5)		
Authorized:		
100,000,000 common shares without par value		
Issued and fully paid:		
33,633,940 (1999 - 28,097,440) shares	15,614,801	12,755,531
Deficit	<u>(8,742,189)</u>	<u>(5,026,437)</u>
	<u>6,872,612</u>	<u>7,729,094</u>
Continued Operations (Note 1)		
Contingencies and Commitments (Note 9)		
Subsequent events (Note 11)		
	<u>\$ 7,418,078</u>	<u>\$ 8,128,725</u>

Approved by the Board:

"Richard P. Clark"
Director

"Michael D. McInnis"
Director

CHAMPION RESOURCES INC.
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
(in Canadian Dollars)

	Year ended December 31, <u>2000</u>	Year ended December 31, <u>1999</u>
Expenses		
Amortization	\$ 6,958	\$ 4,514
Capital taxes	9,580	8,478
Consulting	176,156	91,000
Financing advisory fees	45,000	-
Foreign exchange loss (gain)	11,198	(15,648)
General exploration and project investigation	13,775	1,449
Interest and bank charges	10,263	14,129
Management fees	137,453	105,298
Office and general	156,060	164,728
Professional fees	164,329	146,109
Promotion and public relations	58,530	145,822
Stock exchange and filing fees	16,924	13,898
Transfer agent and shareholder information	23,257	18,906
Travel	106,927	54,760
Wages and benefits	<u>24,854</u>	<u>32,330</u>
	961,264	785,773
Other (income) expenses		
Interest income and other	<u>(13,332)</u>	<u>(70,663)</u>
Loss before the undernoted	947,932	715,110
Write-off of mineral property and related expenditures	2,746,870	113,054
Loss on disposal of capital assets	<u>20,950</u>	<u>337</u>
Loss for the year	3,715,752	828,501
Deficit, beginning of the year	<u>5,026,437</u>	<u>4,197,936</u>
Deficit, end of the year	<u>\$ 8,742,189</u>	<u>\$ 5,026,437</u>
Loss per common share	<u>\$ 0.12</u>	<u>\$ 0.03</u>
Weighted average number of shares	<u>30,348,911</u>	<u>24,215,515</u>

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

	<u>Year ended December 31, 2000</u>	<u>Year ended December 31, 1999</u>
Cash flows from operating activities		
Loss for the year	\$ (3,715,752)	\$ (828,501)
Items not affecting cash:		
Amortization	6,958	4,514
Write-off of mineral property interest	2,746,870	113,054
Loss on disposal of capital assets	<u>20,950</u>	<u>337</u>
	(940,974)	(710,596)
Net changes in non-cash working capital items		
Accounts receivable and other current assets	88,711	(78,091)
Accounts payable and accrued liabilities	156,737	212,420
Due to related party	<u>100</u>	<u>(58,785)</u>
	<u>(695,426)</u>	<u>(635,052)</u>
Cash flows from investing activities		
Mineral properties and related expenditures	(2,497,661)	(3,122,732)
Capital assets purchased	(15,038)	(78,486)
Reclamation bond	<u>24,621</u>	<u>264</u>
	<u>(2,488,078)</u>	<u>(3,200,954)</u>
Cash flows from financing activities		
Common shares issued, net	<u>2,848,270</u>	<u>4,389,850</u>
(Decrease) increase in cash and cash equivalents	(335,234)	553,844
Cash and cash equivalents, beginning of year	<u>608,345</u>	<u>54,501</u>
Cash and cash equivalents, end of year	<u>\$ 273,111</u>	<u>\$ 608,345</u>
Supplementary information regarding non-cash transactions:		
Financing and investing activities:		
Common shares issued for mineral property acquisition	<u>\$ NIL</u>	<u>\$ 15,555</u>
Accounts receivable exchanged for loan receivable	<u>\$ 140,000</u>	<u>\$ NIL</u>
Common shares issued for settlement of debt	<u>\$ 11,000</u>	<u>\$ NIL</u>
Other supplementary information:		
Interest received	<u>\$ NIL</u>	<u>\$ NIL</u>
Interest paid	<u>\$ NIL</u>	<u>\$ NIL</u>
Amortization of mining assets	<u>\$ 13,384</u>	<u>\$ 13,380</u>

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

	Year ended December 31, <u>2000</u>	Year ended December 31, <u>1999</u>
Farim Project, Guinea Bissau (West Africa)		
Acquisition, leases and taxes	\$ 37,658	\$ 77,579
Studies work	708,385	362,716
Offshore management and contractors	492,517	242,536
Office and administration	17,111	52,899
Amortization	13,384	13,380
Camp and general	50,870	59,785
Drilling	274,479	673,924
Equipment and maintenance	-	73,578
Geological and geochemical	472,098	1,057,337
Transportation and travel	<u>394,340</u>	<u>456,918</u>
Incurred during year	2,460,842	3,070,652
Beginning of year	<u>3,828,696</u>	<u>758,044</u>
End of year	<u>6,289,538</u>	<u>3,828,696</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	33,132	-
Transportation and travel	<u>4,954</u>	-
Incurred during year	<u>38,086</u>	-
Takatu Project (Guyana)		
Acquisition/option payments	8,512	36,632
Legal, licenses and taxes	-	19,973
Office and administration	3,605	6,533
Amortization	-	2,015
Camp and general	-	1,740
Geological and geochemical	-	293
Transportation and travel	-	<u>85</u>
Incurred during year	12,117	67,271
Beginning of year	2,734,753	2,667,482
Write-off of mineral property interests	<u>(2,746,870)</u>	-
End of year	<u>-</u>	<u>2,734,753</u>
El Rubi Property (Mexico)		
Geological and geochemical	-	15,365
Office and administration	-	<u>394</u>
Incurred during year	-	15,759
Beginning of year	-	97,295
Write-off of mineral property interests	-	<u>(113,054)</u>
End of year	<u>-</u>	<u>-</u>
Total	<u>\$ 6,889,382</u>	<u>\$ 7,125,207</u>

CHAMPION RESOURCES INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(in Canadian Dollars)

1. Nature of Operations and Going Concern Basis of Presentation

Champion Resources Inc. (the "Company") together with its subsidiaries, is a mineral resource corporation engaged in exploring, acquiring and developing mineral properties. The Company holds a 100% interest in the Farim Phosphate Project ("Farim") located in Guinea Bissau, West Africa.

The recoverability of the cost of mineral properties and related deferred exploration expenditures is dependent upon the discovery of economically recoverable reserves, preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain necessary financing to complete the project, and future profitable production or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material reductions in the carrying amount of mineral properties and related capital assets.

The mineral properties are also subject to sovereign risks, including political and economic instability, government regulations relating to mining, military repression, civil disorder, currency fluctuations and inflation, all or any of which may impede the Company's activities or may result in the impairment or loss of part or all of the Company's interest in the properties.

The viability of the projects and the ability for the Company to continue as a going concern are dependent on future financing. If financing is not achieved, the Company may not be able to meet its obligations as they become due. These financial statements have been prepared on the going concern basis that assumes continuity of operations and realization and settlement of liabilities in the normal course of business. A different basis of measurement may be appropriate if the going concern assumption does not prevail.

2. Significant Accounting Policies

a) Basis of Consolidation

These financial statements include the accounts of the Company and its wholly-owned subsidiaries, Champion Resources (U.S.) Inc., Minera Champion S.A. de C.V. (a Mexican company), Champion Resources (Barbados) Inc., Champion Industrial Minerals Inc. ("Champion Industrial") (a Barbados company) and Champion Industrial Minerals S.A. (Proprietary) Limited (a South African company). The purchase method of accounting is used to consolidate these subsidiaries.

b) Proportionate Consolidation

The Company accounts for its interest in the Takatu Joint Venture under the proportionate consolidation method of accounting. Under this method of accounting, the company records in its accounts its proportionate share of revenues, expenses, liabilities and assets of the joint venture.

c) Fair Value of Financial Instruments

The company's financial instruments consist of cash, accounts receivable, loan receivable, accounts payable and accrued liabilities, and due to/from related parties. The fair value of these financial instruments approximates their carrying values, due to their short-term maturity or capacity of prompt liquidation. Unless otherwise noted, it is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from the financial instruments.

d) Mineral Properties and Related Expenditures

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain ore reserves that are economically recoverable.

Direct mineral exploration and development costs are capitalized on an individual project basis until such time as an economic ore body is defined, a joint venture is formed or the project is abandoned. Costs for a producing project are amortized on a unit-of-production method based on the estimated life of the ore reserves while costs for properties abandoned are written off.

The recoverability of the amounts capitalized for the undeveloped mineral properties is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral properties, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently unreliable conveyancing history characteristic of many mineral properties. The company has investigated title to all of its mineral properties and, to the best of its knowledge, all of its properties are in good standing.

e) Capital Assets

The Company provides for amortization of its capital assets as follows:

- Computer equipment - 30% declining-balance method
- Furniture and fixtures - 20% declining-balance method
- Mining equipment - 20% straight-line method

One-half of the normal rate is applied in the year of acquisition.

f) Foreign Currency Translation

The accounts of the Company's foreign operations are translated into Canadian dollars on the following basis:

- Income and expense items and exploration and development costs are translated in a manner that produces substantially the same results as would have resulted had these items been translated on the date they occurred.
- Non-monetary assets and liabilities at historical exchange rates.
- Monetary assets and liabilities (assets and liabilities whose nominal value, in terms of foreign currencies, are fixed) at the exchange rate at year-end.

Exchange gains and losses relating to the translation of foreign currency denominated monetary items, that have a fixed life extending beyond year-end, are deferred and amortized over the life of the subject monetary items. All other exchange gains and losses are treated as current period items.

g) Loss Per Share

Basic loss per share computations are based on the weighted average number of shares outstanding during the year. Fully diluted loss per share has not been presented as shares issuable on stock options and warrants have an anti-dilutive effect on the calculation of loss per share.

h) Share Capital

Share capital issued for non-monetary consideration is recorded at an amount based on fair market value reduced by an estimate of transaction costs normally incurred when issuing shares for cash, as determined by the board of directors of the Company.

i) Stock Option

The Company has a stock option plan which is described in Note (5). No compensation expense is recognized when stock options are issued. Any consideration received on exercise of stock options is credited to share capital.

j) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reported periods. Actual results could differ from those estimates.

k) Environmental Expenditures

The operations of the company may in the future be affected from time to time in varying degree by changes in environmental regulations, including those for future removal and site restoration costs. Both the likelihood of new regulations and their overall effect upon the company vary greatly and are not predictable. The company's philosophy and resultant policy is to conduct its exploration and development activities in an environmentally responsible manner. Specifically, the company's policy is to meet or surpass the environmental requirements established to satisfy international standards and guidelines, by application of technically proven and economically feasible mitigation and reclamation procedures.

Environmental expenditures that relate to ongoing environmental and reclamation programs are charged against earnings as incurred or capitalized and amortized depending on their future economic benefits. Estimated future removal and site restoration costs, when the ultimate liability is reasonably determinable, are charged against earnings over the estimated remaining life of the related business operation, net of expected recoveries.

l) Income Taxes

On January 1, 2000, the Company adopted new recommendations of the Canadian Institute of Chartered Accountants relating to accounting for income taxes. The new standard requires the use of the asset and liability method for accounting for income taxes. The Company adopted this standard retroactively and has not recognized any future tax asset or liability in the current or prior periods as the net future tax assets are fully offset by a valuation allowance. Accordingly, the adoption of the new standard does not result in changes to the prior period financial statements.

m) Comparative Figures

Certain of the comparative figures have been reclassified to conform with the classification used in the current year.

3. Mineral properties and related expenditures

	Acquisition	Exploration	December 31, 2000	December 31, 1999
Mineral Properties				
Farim Project, Guinea Bissau, West Africa	\$ 177,481	\$ 6,112,057	\$ 6,289,538	\$ 3,828,696
Guinea Bissau Reconnaissance, West Africa	-	599,844	599,844	561,758
Takatu Project, Guyana	-	-	-	2,734,753
	<u>\$ 177,481</u>	<u>\$ 6,711,901</u>	<u>\$ 6,889,382</u>	<u>\$ 7,125,207</u>

a) Farim Project, Guinea Bissau, West Africa

On October 10, 1999, following completion of the required work program, the Company was granted four mining leases to the Farim phosphate deposit from the Government of the Republic of Guinea Bissau in accordance with the terms of The Minerals Act 1997 which was passed in Parliament in late 1999. The Mining Leases have a term of twenty-five years and may be renewed for an additional twenty-five years. The Company also obtained a Prospecting Licence from the Government which is valid for a period of two years from May 24, 2000 and may be renewed for consecutive two year terms.

The mining leases cover a total area of 30,635 hectares. The Company is required to pay annual mining lease fees based on the rate of 600 CFA francs per year, per mining hectare, for the first four years or approximately 375,000 CFA francs (US\$31,000) per year; and 1,200 CFA francs per year, per mining hectare for years five through eight or approximately 750,000 CFA francs (US\$61,000) per year.

b) Guinea Bissau Reconnaissance, West Africa

By an agreement dated January 15, 1997, with the Government of the Republic of Guinea Bissau, West Africa, the Company was granted the exclusive right to evaluate and explore the mineral potential (excluding oil and gas and bauxite) in the country for a period of two years which period, but for Force Majeure invoked by the Company, would have expired on January 15, 1999. In consideration for such exclusive rights, the Company was to incur cumulative exploration expenditures of US\$460,000 during the two year period (incurred) and to provide the government with the technical findings of its research. The government has agreed to grant the company concessions of exploration for deposits which the Company locates during the term of the agreement.

Effective June 7, 1998, the Company invoked the force majeure clause of its agreement due to civil and political unrest in the country. The declaration of force majeure had the effect of adjusting time periods and effective dates under the agreement until the lifting of the force majeure. The Company rescinded the notice of force majeure on October 15, 2000, and consequently, must complete the two-year reconnaissance project by April 15, 2001. In January 2001, the Company requested that the Government grant a one year extension of the reconnaissance program to April 5, 2002 and such extension was granted.

c) Takatu Project, Guyana

The Company had a joint venture interest on the Monosse#1, Tenapu, Sparrock and Gomes claims located in Northwest Guyana. The joint venture agreement provided that the Company (41.82%) and TNR Resources Ltd. ("TNR") (40.18%) carry the remaining joint venture partner (18%) interest to an expenditure limit of \$5 million. In addition, the joint venture agreement provided for the Company to loan the first \$750,000 of TNR's contributions to the joint venture. The Company expended on TNR's behalf, the sum of \$133,192 prior to the termination of the joint venture. Accordingly, the Company has written off all related expenditures in the amount of \$2,746,870 to operations in 2000.

By a letter dated August 22, 2000, the Company advised TNR of its election to subscribe for a private placement of a convertible security of TNR in respect of monies advanced as a loan by the Company on behalf of TNR. The parties have agreed that TNR will repay the non-interest bearing loan in the following installments:

<u>Due Date</u>	<u>Amount Due</u>
July 1, 2001	\$20,000
July 1, 2002	\$30,000
July 1, 2003	\$40,000
July 1, 2004	<u>\$50,000</u>
	<u>\$140,000</u>

TNR has the right to elect to pay each installment of the loan in cash or to issue shares in the capital stock of TNR at the conversion rates as follows:

<u>Installment Date</u>	<u>Conversion Price</u>
July 1, 2001	\$0.25
July 1, 2002	Market price less 25%
July 1, 2003	Market price less 25%
July 1, 2004	Market price less 25%

d) El Rubi Property, Mexico

The Company has abandoned this property and written off the expenditures from past exploration to operations during fiscal 1999.

4. Capital Assets

			December 31, 2000	December 31, 1999
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 11,090	\$ 2,438	\$ 8,652	\$ 16,135
Furniture and fixtures	-	-	-	2,873
Vehicles	66,943	26,778	40,165	56,065
	<u>\$ 78,033</u>	<u>\$ 29,216</u>	<u>\$ 48,817</u>	<u>\$ 75,073</u>

5. Share Capital

a) The authorized and issued share capital is as follows:

Authorized:

Unlimited common shares without par value

	Number of Shares	Amount
Shares Issued:		
Balance, December 31, 1998	19,686,940	\$ 8,350,126
Private placements	5,112,500	3,085,000
Stock options exercised	805,000	135,550
Warrants exercised	2,391,000	1,169,300
Mineral property acquisition	102,000	15,555
Balance, December 31, 1999	28,097,440	12,755,531
Private placements	4,270,000	2,388,700
Stock options exercised	186,000	30,120
Warrants exercised	1,060,500	429,450
Debt settlement	20,000	11,000
Balance, December 31, 2000	<u>33,633,940</u>	<u>\$ 15,614,801</u>

b) The Company has a stock option plan in which 4,836,888 common shares have been made available for the Company to grant incentive stock options to certain directors, officers, employees and consultants of the Company. The plan contains a vesting schedule, such that 20% of an option can be exercised following regulatory approval and a further 10% every quarter thereafter. Options may be granted for periods up to 10 years at a price equal to the prevailing market price on the date the option is granted. No optionee shall be entitled to a grant of more than 5% of the company's outstanding shares.

Options	2000		1999	
	Number of Shares	Weighted-Average Exercise Price	Number of Shares	Weighted-Average Exercise Price
Outstanding at beginning of year	2,675,000	\$0.56	1,385,000	\$0.22
Granted	1,405,000	\$0.72	2,095,000	\$0.63
Exercised	(186,000)	\$0.15	(805,000)	\$0.17
Cancelled/Expired	(160,000)	\$0.63	-	-
Outstanding at end of year	<u>3,734,000</u>	<u>\$0.64</u>	<u>2,675,000</u>	<u>\$0.56</u>

The options outstanding have exercise prices between \$0.15 to \$1.06 per share and expire between April 22, 2001 and September 29, 2005.

c) As at December 31, 2000, the following non-transferable share purchase warrants were outstanding:

<u>Number of Warrants</u>	<u>Common Share Entitlement</u>	<u>Exercise Price</u>	<u>Expiry Date</u>
802,500	802,500	\$ 0.50	March 15, 2001
3,000,000	3,000,000	\$ 0.60	April 9, 2001
300,000	300,000	\$ 0.80	May 19, 2001
1,000,000	500,000	\$ 1.35	July 19, 2001
1,870,000	1,870,000	\$ 0.61	February 15, 2001
		\$ 0.76	February 15, 2002
2,400,000	2,400,000	\$ 0.52	December 7, 2001
		\$ 0.65	December 7, 2002
<u>8,602,000</u>	<u>8,102,000</u>		

6. Related Party Transactions

During 2000, the Company:

- Paid/accrued \$45,000 (1999 - \$Nil) for management services provided by a company related to the President of the Company. At December 31, 2000, \$21,400 (1999 - \$Nil) was due to this company and included in amounts due to related parties.
- Paid/accrued \$30,000 (1999 - \$80,000) to a director for administrative and financial fees. This arrangement was terminated on April 15, 2000.
- Paid/accrued \$327,660 (1999 - \$270,754) to directors and companies controlled by directors and officers for geological consulting fees and administrative management fees. At December 31, 2000, \$55,492 (1999 - \$14,895) was due to these parties and included in amounts due to related parties.
- Paid/accrued \$45,190 (1999 - \$Nil) to a company of which a director is an officer and director for reimbursement of consulting services. At December 31, 2000, \$3,333 (1999 - \$Nil) was due to this company and included in amounts due to related parties.

At December 31, 2000, amounts due from related party included \$18,424 (1999 - \$46,861) from a company with directors in common.

In addition, directors and officers participated in two private placements of 1,870,000 shares at \$0.61 per share and 2,400,000 shares at \$0.52 per share during 2000. A total of 175,000 and 290,000 shares respectively were purchased by such directors, officer pursuant to such private placements.

7. Income Taxes

- The company has income tax losses carried forward of approximately \$1,780,000 available to reduce future taxable income in Canada. The income tax benefits, if any, of these losses has not been recognized in the accounts and expire as follows:

2005	\$ 269,000
2006	681,000
2007	<u>830,000</u>
	<u>\$1,780,000</u>

- b) The company has accumulated deferred resource property expenditures of approximately \$4,700,000 which may be used to reduce future taxable income in Canada. The income tax benefits, if any, of these deferred resource property costs have not been recorded in these financial statements.
- c) The company has incurred losses for tax purposes in the United States of approximately US\$554,000 which may be used to reduce future taxable income in the United States. The income tax benefits, if any, of these losses which begin to expire in 2003, have not been recorded in these financial statements.

8. Segmented Information

The company's only business activity is the exploration for and development of mineral reserves. This activity is carried out primarily in Guinea Bissau. The breakdown by geographic region is as follows:

	Canada	Guyana	Guinea Bissau	Other	Elimina- tion	Con- solidated
December 31 2000 Segment revenue	\$ 12,401	\$ -	\$ -	\$ 930	\$ -	\$ 13,331
Revenue from transfers between geographic segments	-	-	-	-	-	-
Segment operating income (loss)	3,332,070	-	-	383,682	-	3,715,752
Identifiable assets	\$ 1,885,656	\$ -	\$ 8,095,944	\$ 82,347	\$ (2,645,869)	\$ 7,418,078

	Canada	Guyana	Guinea Bissau	Other	Elimina- tion	Con- solidated
December 31 1999 Segment revenue	\$ 69,430	\$ -	\$ -	\$ 1,233	\$ -	\$ 70,663
Revenue from transfers between geographic segments	1,967	-	-	-	(1,967)	-
Segment operating income (loss)	(957,043)	(920)	-	131,429	(1,967)	(828,501)
Identifiable assets	\$ 2,268,645	\$ 2,737,262	\$ 5,603,676	\$ 128,380	\$ (2,609,238)	\$ 8,128,725

9. Contingencies and commitments

- a) By an agreement dated November 1, 1998, the Company retained a third-party company to act as its agent to identify and approach potential investors, purchasers or joint venture partners to provide sufficient funding to place the Farim project into a defined level of commercial production.

The agent shall be entitled to a cash success fee of 7% of any financing arrangements accepted by the Company and upon raising the total funds required to place the project into commercial production it shall also receive warrants which entitle the agent to acquire 2,500,000 shares of the Company at \$0.20 for a period of 5 years from that date.

The agency agreement expired on October 31, 2000. A director and shareholder of the agent is also a director of a subsidiary of the Company. The Company has an ongoing obligation to pay the success fee and issue the warrants to the agent in the event the Company successfully concludes a Financing Transaction, as defined in the agreement.

- b) On June 14, 1999, Champion Industrial signed an agreement for non-exclusive marketing and arranging of the sale of Farim phosphate rock product with a US based group. This commitment was focused on leveraging that group's apparent relationship with one specific large fertilizer producer. The commercial arrangement was a marketing fee of 2% of the gross sales price of each shipment sold as a direct result of arrangements made by this group. Since no tangible progress was made by this group in securing product off-take as originally intended, the Company issued a letter dated May 9, 2001 terminating the agreement.
- c) By an agreement effective October 10, 2000, the Company retained the services of CIBC Investment Banking ("CIBC") to advise and assist the Company in the process of securing a strategic partner or investor in India/Middle East who will invest as equity, quasi-equity, subordinate and/or convertible debt a minimum of US\$5 million in the Company's Fairm Project in West Africa. This agreement supercedes the prior agreement between CIBC and the Company dated January 15, 1999.

In consideration of their services, the Company agree to pay CIBC the following:

- i) A work fee of \$15,000 per month for a period of six months, to be credited against any successful fee owing in ii).
- ii) A success fee calculated as 5% for any amounts up to US\$10 million, plus 4% for any amounts from US\$10 million to US\$20 million, plus 3% for any amount from US\$20 million, and subject to a minimum of US\$250,000 (the "Placement Fee"). Such amounts are to be paid, at the completion of the financing; plus
- iii) Three year non-cancelable warrants to purchase common shares in the Company (the "Placement Warrants"), to be issued upon completion of a financing, and exercisable at the common equivalent price per share of the Company's securities at the time of the financing, which provide to CIBC the right to reinvest an amount equal to one-half the Placement Fee earned. The Placement Warrants shall include the same rights and privileges as the Company's common shares.

The Company terminated the agreement with CIBC effective March 31, 2001, however, the success fee and warrants are payable on any transaction closing up to March 31, 2002.

- d) The Company's Mexican subsidiary has been advised that certain mining duties may remain payable with respect to the El Rubi property in the approximate amount of US\$55,000. No accrual has been recorded as management is of the view that the Mexican claim for the payment of these duties is unsupportable. Any attempt to collect these duties will be defended vigorously by the Company.

10. Promotion and Public Relations

During the years ended December 31, 2000 and 1999, the Company incurred the following expenses related to its investor relations activities:

	<u>2000</u>	<u>1999</u>
Investor presentations	\$ 14,277	\$ 72,425
Office, postage and courier	2,900	17,096
Printing and reproduction	8,867	13,931
Consultants	<u>32,486</u>	<u>42,370</u>
	<u>\$ 58,530</u>	<u>\$ 145,822</u>

11. Subsequent Events

Subsequent to December 31, 2000, the Company:

- a) Issued 3,120,000 shares to complete a private placement at \$0.20 per share for total cash proceeds of \$624,000. Of these shares, 2,120,000 shares were issued to persons related to the Company.
- b) Cancelled 25,000 employee incentive stock options at \$0.72 and re-granted 100,000 employee incentive stock options at \$0.25 expiring March 5, 2006.