

Champlain Resources Inc.

Financial Statements

October 31, 2009 and 2008

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements of Champlain Resources Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles and reflect management's best estimates and judgment based on currently available information.

The Audit Committee of the Board of Directors, consisting of three directors, two of whom are independent, meets periodically with management and the independent auditors to review the scope and results of the annual audit, and to review the consolidated financial statements and related financial reporting matters prior to submitting the consolidated financial statements to the Board for approval.

The Company's independent auditors, Collins Barrow Calgary LLP, who are appointed by the shareholders, conducted an audit in accordance with Canadian generally accepted auditing standards. Their report outlines the scope of their audit and gives their opinion on the consolidated financial statements.

Management has developed and maintains a system of internal controls to provide reasonable assurance that the Company's assets are safeguarded, transactions are authorized and financial information is accurate and reliable.

Troy Mochoruk
President and Chief Executive Officer

February 16, 2010

Auditors' Report

To the Shareholders
Champlain Resources Inc.

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We have audited the consolidated balance sheets of Champlain Resources Inc. as at October 31, 2009 and 2008 and the consolidated statements of income (loss), comprehensive income (loss) and deficit and cash flows for the years then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian 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 October 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Calgary LLP

CHARTERED ACCOUNTANTS

Calgary, Alberta
February 16, 2010

Champlain Resources Inc.

Consolidated Balance Sheets

As at October 31, 2009 and 2008

	2009	2008
	\$	\$
Assets		
Current assets		
Cash	98	1,467
Goods and Services Tax recoverable	2,487	543
Prepaid expenses	5,430	2,139
	<u>8,015</u>	<u>4,149</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	64,474	34,248
Loans payable (note 6[a])	75,159	28,703
Management fee payable (note 6[b])	30,000	300,000
	<u>169,633</u>	<u>362,951</u>
Shareholders' Deficiency		
Share capital (note 7[b])	4,777,523	4,732,523
Warrants (note 7[c])	4,790	-
Contributed surplus (note 7[f])	157,820	131,750
Deficit	(5,101,751)	(5,223,075)
	<u>(161,618)</u>	<u>(358,802)</u>
	<u>8,015</u>	<u>4,149</u>

Organization and nature of operations (note 1)

Commitment (note 6[b])

Subsequent events (note 10)

Approved by the Board of Directors

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

Champlain Resources Inc.

Consolidated Statements of Income (Loss), Comprehensive Income (Loss) and Deficit

Years ended October 31, 2009 and 2008

	2009	2008
	\$	\$
Expenses		
Bank charges and interest	14,142	2,349
Management fees (recovery), net (note 6[b])	(180,000)	300,000
Office and miscellaneous	10,710	6,536
Professional fees	29,868	61,564
Regulatory and filing fees	15,038	12,917
Transfer agent	3,058	6,495
Stock-based compensation (note 7[e])	26,070	-
	<hr/>	<hr/>
Income (loss) before the following:	81,114	(389,861)
Gain on settlement of management fee payable (note 7[b(i)])	40,210	-
Interest income	-	12
	<hr/>	<hr/>
Net income (loss) and comprehensive income (loss)	121,324	(389,849)
	(5,223,075)	(4,833,226)
Deficit, beginning of year		
	<hr/>	<hr/>
Deficit, end of year	(5,101,751)	(5,223,075)
	<hr/>	<hr/>
Basic and diluted income (loss) per share (note 7[g])	0.01	(0.02)

The accompanying notes are an integral part of these financial statements.

Champlain Resources Inc.

Consolidated Statements of Cash Flows Years ended October 31, 2009 and 2008

	2009	2008
	\$	\$
Cash flows used in operating activities:		
Net income (loss) for the year	121,324	(389,849)
Items not affecting cash:		
Stock-based compensation	26,070	-
Gain on settlement of management fee payable	(40,210)	-
Recovery of management fee payable	(307,500)	-
	<u>(200,316)</u>	<u>(389,849)</u>
Changes in non-cash working capital:		
Goods and Services Tax recoverable	(1,944)	2,367
Prepaid expenses	(3,291)	(1,310)
Accounts payable and accrued liabilities	30,226	24,648
Management fee payable	127,500	200,000
	<u>(47,825)</u>	<u>(164,144)</u>
Cash flows provided by financing activities		
Issuance of shares	-	133,000
Advances on loans payable, net	46,456	28,703
	<u>46,456</u>	<u>161,703</u>
Decrease in cash	(1,369)	(2,441)
Cash, beginning of year	1,467	3,908
Cash, end of year	98	1,467
Supplemental cash flow information:		
Common shares and warrants issued on settlement of \$90,000 management fee payable		
- common shares issued	45,000	-
- warrants issued	4,790	-
- gain on settlement	40,210	-

The accompanying notes are an integral part of these financial statements.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

1 Organization and nature of operations

Champlain Resources Inc. (the "Company") is an inactive company with limited operations. The Company is currently seeking suitable opportunities in the mining sector. Refer to note 10(a) relating to the Letter of Intent entered into with Boxxer Gold Corp.

These financial statements have been prepared in accordance with generally accepted accounting principles applicable to a going concern, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as shown and these financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate to the carrying values and classifications of assets and liabilities, the reported revenues and expenses, and the balance sheet classifications used.

At October 31, 2009, the Company had not yet achieved profitable operations, but recorded a net income during the year of \$121,324 due to recording a recovery on management fees payable of \$307,500 (2008 - loss of \$389,849), has a working capital deficiency of \$161,618 (2008 - \$358,802), has accumulated a deficit of \$5,101,751 (2008 - \$5,223,075) since inception and expects to incur further losses in the development of its business.

Management is in the process of reviewing potential business opportunities for the Company. The Company's ability to continue as a going concern is dependent upon its ability to identify new business opportunities, generate future profitable operations, obtain the necessary financing to meet its obligations, receive the continued financial support from its officers and directors to repay any liabilities arising from normal business operations as they come due. There can be no assurance that a viable business opportunity that can be adequately financed will be identified and available to the Company. Additional equity financing is subject to the global financial markets and economic conditions, which have recently been disrupted and are volatile and the debt and equity markets have been distressed. These factors, together with the re-pricing of credit risk and current weak economic conditions, have made, and will likely continue to make it more challenging to obtain cost effective funding.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

2 Significant accounting policies

The consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and reflect the following significant accounting policies:

Principles of consolidation

The consolidated financial statements include the accounts of the Company and those of its wholly-owned subsidiaries, Quotes Canada Financial Network Ltd. ("Quotes Canada") and Champlain Resources LLC. Business acquisitions are accounted for under the purchase method and the results of operations of these businesses are included in the consolidated financial statements from the acquisition date. All significant intercompany transactions and balances have been eliminated.

Measurement uncertainty and management estimates

Estimates by management represent an integral component of the consolidated financial statements prepared in conformity with Canadian GAAP. The estimates made in these consolidated financial statements reflect management's judgments based on past experiences, present conditions, and expectations of future events. Where estimates were made, the reported amounts for assets, liabilities, revenues and expenses may differ from the amounts that would otherwise be reflected if the ultimate outcome of all uncertainties and future events were known at the time these consolidated financial statements were prepared.

Assumptions used in the determination of the fair value stock options and warrants issued are based on estimates of the volatility of the Company's stock price, expected lives of the options and warrants, expected dividends and other relevant assumptions. Accrued liabilities are based on estimates of liabilities incurred but not yet invoiced. Future income taxes are based on estimates as to the timing of the reversal of temporary differences and tax rates currently substantively enacted and the determination of the valuation allowance.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Income taxes

The Company uses the liability method of income tax allocation. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities, as well as for the benefits from tax losses and deductions that cannot be identified with particular assets or liabilities provided these tax benefits are more than likely to be realized. Future income tax assets and liabilities are determined based on the tax laws and rates that are anticipated to apply in the period of realization.

Earnings (loss) per share

Earnings (loss) per share is computed by dividing income (loss) for the period by the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is calculated using the Treasury Stock Method whereby it is assumed that proceeds received on the exercise of in-the-money stock options and warrants are used to re-purchase Company common shares at the weighted-average market price during the period.

Stock-based compensation

The Company has established a stock option plan for the benefit of full-time and part-time employees, officers, directors and consultants of the Company.

The fair value of all stock options and warrants granted by the Company is recorded as a charge to the consolidated statement of income (loss) and a credit to contributed surplus or warrants. The fair value of stock options and warrants which vest immediately is recognized at the date of grant; the fair value of options and warrants which vest in the future is recognized over the vesting period. Any consideration received on the exercise of stock options and warrants together with the related portion of contributed surplus is credited to share capital. The fair value of stock options and warrants is estimated using the Black-Scholes option pricing model at the date of grant.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Comprehensive income

Comprehensive income includes both net income (loss) and other comprehensive income ("OCI"). OCI includes certain gains and losses which must be temporarily presented outside of net income (loss) such as holding gains and losses on available-for-sale ("AFS") investments which are not included in the calculation of net income (loss) until realized. Cumulative changes in OCI are included in Accumulated Other Comprehensive Income ("AOCI"), which is presented as a category of shareholders' equity on the balance sheet.

Financial instruments, recognition and measurement

Under Section 3855, all financial instruments are classified into one of five categories: held-for-trading, held-to-maturity investments, loans and receivables, AFS financial assets or other financial liabilities. All financial instruments and derivatives are measured on the balance sheet date at fair value upon initial recognition. Subsequent measurement depends on the initial classification of the instrument. Held-for-trading financial assets are measured at fair value, with changes in fair value recognized in net income (loss). AFS financial instruments are measured at fair value, with changes in fair value recorded in OCI until the instrument is derecognized or impaired. Loans and receivables, held-to-maturity investments and other financial liabilities are measured at amortized cost. All derivative instruments, including embedded derivatives, are recorded on the balance sheet at fair value unless they qualify for the normal sale and purchase exception. Changes in the fair value of derivatives that are not exempt are recorded in net income (loss).

The Company has designated its cash as held-for-trading, which is measured at fair value. Accounts payable and accrued liabilities, loans payable and management fees payable are designated as other financial liabilities, which are measured at amortized cost.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Hedge accounting

Section 3865 establishes standards for when and how hedge accounting may be applied. Hedge accounting continues to be optional. At the inception of a hedge, the Company must formally document the designation of the hedge, the risk management objective, the hedging relationships between the hedged items and the hedging items and the methods for testing the effectiveness of the hedge. Assessments are made both at inception of the hedge and on an ongoing basis to determine if the derivatives that are designated as hedges are highly effective in offsetting changes in fair values or cash flows of hedged items.

For cash flow hedges that have been terminated or cease to be effective, prospective gains or losses on the derivative are recognized in the statement of income (loss). Any gain or loss that has been included in accumulated other comprehensive income at the time the hedge is discontinued continues to be deferred in accumulated other comprehensive income until the original hedged transaction is recognized in the statement of income (loss). If the likelihood of the original hedged transaction occurring is no longer probable, the entire gain or loss in accumulated other comprehensive income related to this transaction is immediately reclassified to the statement of income (loss).

The Company does not have any hedge transactions as at October 31, 2009.

3 Changes in accounting policies

General Standards of Financial Statement Presentation – Section 1400

On November 1, 2008, the Company adopted certain amendments to Canadian accounting standards related to General Standards of Financial Statement Presentation with respect to requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of these amendments did not have a significant impact on the consolidated financial statements.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Goodwill and Intangible Assets – Section 3064

On November 1, 2008, the Company adopted the new Canadian Institute of Chartered Accountants ("CICA") Section 3064, "Goodwill and Intangible Assets", which replaced Section 3062, "Goodwill and Other Intangible Assets" and Section 3450, "Research and Development Costs". The new standard establishes revised standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets. Standards concerning goodwill are unchanged from the standards in Section 3062. The adoption of this standard did not have a significant impact on the consolidated financial statements.

Mining Exploration Costs

In March 2009, the Emerging Issues Committee ("EIC") of the CICA issued EIC – 174, "Mining Exploration Costs". This abstract provides additional guidance on determining when exploration costs related to mining properties can be capitalized as well as clarification on impairment indicators for exploration costs that have previously been capitalized. The adoption of this standard did not have a significant impact on the consolidated financial statements.

4 Future accounting pronouncements

Business Combinations

In January 2009, the CICA issued Section 1582, "Business Combinations", which replaces former guidance on business combinations. The new Section expands the definition of a business subject to an acquisition and establishes significant new guidance on the measurement of consideration given, and the recognition and measurement of assets acquired and liabilities assumed in a business combination. The new Section requires that all business acquisitions be measured at the full fair value of the acquired entity at the acquisition date even if the business combination is achieved in stages, or if less than 100 percent of the equity interest in the acquiree is owned at the acquisition date.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Currently, the purchase price in business combinations is based on the average of the fair value of shares issued as consideration a few days before and after the day the terms and conditions have been agreed to and the acquisition announced. Under the new standard, however, the purchase price used in a business combination is based on the fair value of shares exchanged at their market price at the date of the exchange. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date and remeasured at fair value through net earnings each period until settled. Currently, only contingent liabilities that are resolved and payable are included in the cost to acquire the business. In addition, under the new standard, negative goodwill is required to be recognized immediately in net earnings. Currently, the requirement is to eliminate negative goodwill by deducting it from non-monetary assets in the purchase price allocation. The standard also states that acquisition-related costs, including restructuring and other direct costs, will be expensed as incurred and that restructuring charges will be expensed in the period after the acquisition date, unless they constitute the costs associated with issuing debt or equity securities. Restructuring and other direct costs of a business combination are no longer considered part of the acquisition accounting.

This standard is equivalent to the International Financial Reporting Standard 3, "Business Combinations (January 2008)" on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. This new Section will only have an impact on the Company's financial statements for future acquisitions that will be made in periods subsequent to the date of adoption.

Consolidated Financial Statements and Non-controlling Interests

In January 2009, the CICA issued Handbook Section 1601, "Consolidated Financial Statements", and 1602, "Non-controlling Interests", which replaces existing guidance. Section 1601 establishes standards for the preparation of consolidated financial statements. Section 1602 provides guidance on accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

These two Sections are the equivalent to the corresponding provisions of International Accounting Standard 27, "Consolidated and Separate Financial Statements (January 2008)". These Sections apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011, and should be adopted concurrently with Section 1582. Earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its financial statements.

International Financial Reporting Standards ("IFRS")

The Canadian Accounting Standards Board ("AcSB") in 2006 published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over a five-year transitional period. In February 2008 the AcSB announced that 2011 is the changeover date for publicly accountable enterprises to use IFRS, replacing Canada's own GAAP. The date is for interim and annual financial statements relating to years beginning on or after January 1, 2011. The transition date for the Company of November 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended October 31, 2011. The Company is currently assessing the impact of the conversion from Canadian GAAP to IFRS on its results of operations, financial position, and disclosures and is in the process of developing an IFRS changeover plan. The plan will include an assessment of differences between Canadian GAAP and IFRS, accounting policy choices under IFRS, internal controls over financial reporting, potential system changes required, potential corporate governance changes and effects on internal controls and processes including resources and training required for employees. Initial activities include training sessions and acquisition of written standards and examples of IFRS disclosure. The Company will provide disclosures of the key elements of its plan and progress on the project as the information becomes available during the transition period.

5 Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company. The Board of Directors does not establish a quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Management defines capital as the Company's shareholders' equity and working capital.

The Company intends to supplement existing working capital by raising additional share capital to pay for administration costs and future acquisitions. There is no certainty with regard to the availability of external financing in the future.

Management reviews its capital management approach on an interim basis. Management believes that its approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the year ended October 31, 2009, other than the changes to the management fees (note 6[b]) and the conversion of management fee payable into common shares and warrants (note 7[b][i]). The Company is not subject to externally imposed capital requirements.

6 Related party transactions

- a) As at October 31, 2009, the Company has received advances of \$64,158 (October 31, 2008 - \$26,511) from a former officer and director of the Company and a relative of a current officer and director to cover general and administration expenses of the Company. These advances, plus accrued interest of \$11,001 (2008 - \$2,192) which is included in bank charges and interest are included as loans payable on the balance sheet totaling \$75,159 (2008 - \$28,703) at October 31, 2009. These advances are unsecured, bear interest at a bank's prime rate plus 18% which is compounded on a quarterly basis and have no specified terms of repayment.
- b) The Company had consulting agreements in place with the President and Chief Financial Officer ("CFO") which were on a month-to-month basis. The consulting agreements provided for a base fee payable to each consultant of \$12,500 per month for each month services are rendered. During the period ending April 30, 2009, the CFO resigned from the Company effective January 31, 2009, and as such consulting fees were payable only to the President beginning February 1, 2009. The Company incurred \$112,500 of management fees during the six months ended April 30, 2009. During the three months ended July 31, 2009, the Company revised the base fee payable to the President to \$2,500 per month; effective for the period commencing November 1, 2008. As a result, the Company wrote off \$97,500 of management fee payable incurred during the period from November 1, 2008 to April 30, 2009 for the revision to the President's base fee of \$60,000 and a recovery of management fees payable to the former CFO of \$37,500.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Also during the year, the Company wrote off \$210,000 of management fee payable which had accumulated up to October 31, 2008, and converted the remaining \$90,000 into common shares and warrants of the Company (note 7b[i]). As part of the revisions to the consulting agreement for the President, the President will be entitled to receive a bonus equal to the base fees relinquished if the Company graduates to the TSX Venture Exchange.

Based on the revised management fees and including the \$97,500 recovery for the period November 1, 2008 to April 30, 2009, the Company incurred total management fees of \$127,500 for the year ended October 31, 2009 (2008 - \$300,000), of which \$30,000 (2008 - \$300,000) was included in management fee payable and is unsecured, non-interest bearing and has no specified terms of repayment.

Transactions with related parties are in the normal course of operations and are measured at the exchange amount, being the amount of consideration established and agreed to by the related parties.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

7 Share capital

a) Authorized

Unlimited number of common shares without par value

Unlimited number of preferred shares, issuable in series

b) Issued

Common shares

	Number of Shares	Amount \$
Outstanding, October 31, 2007	18,329,535	4,519,723
Issued pursuant to exercise of stock options (note 7[d])	1,330,000	133,000
Contributed surplus transferred on exercise of stock options	-	79,800
Outstanding, October 31, 2008	<u>19,659,535</u>	<u>4,732,523</u>
Shares issues for settlement of management fee payable (note 7[b(i)])	1,800,000	45,000
Outstanding, October 31, 2009	<u>21,459,535</u>	<u>4,777,523</u>

- (i) On August 21, 2009, the Company issued 1,800,000 Units to the President in exchange for outstanding management fees owed to him of \$90,000. The shares have been ascribed a value of \$0.025 per share based on the trading price of the shares at the time of the issuance. Each unit consists of one common share and one share purchase warrant. Each share purchase warrant is exercisable into one common share at a price of \$0.10 per common share, expiring on August 21, 2010. \$4,790 of the deemed value of \$90,000 was attributable to the fair value of the warrants issued. The difference between the carrying value of the debt and the fair value of the shares and warrants issued of \$40,210 has been recognized as a gain on the settlement of management fees payable.
- (ii) Included in issued and outstanding shares are 2,125,000 (2008 – 2,125,000) escrow shares, which may not be traded, transferred or released without the consent of regulatory authorities. Pursuant to the escrow agreement dated July 11, 1996 and amended December 6, 1999, all shares are eligible for cancellation.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

c) Warrants

	Number of Warrants	Amount \$	Weighted- Average Exercise Price
Outstanding, October 31, 2007	5,468,200	-	\$0.20
Expired	(5,468,200)	-	0.20
Outstanding, October 31, 2008	-	-	
Issued on settlement of management fee payable (7[b(i)])	1,800,000	4,790	0.10
Outstanding, October 31, 2009	1,800,000	4,790	\$0.10

During the year ended October 31, 2009, 1,800,000 warrants were issued as per note 7(b)(i). The fair value of the warrants issued was estimated on the grant date using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	1.31%
Expected life	1 year
Expected volatility	112%
Expected dividends	\$ -
Fair value per warrant	\$0.003

d) Stock options

The Company has a stock option plan under which employees, officers, directors and consultants of the Company are eligible to receive stock options. Under the Plan, the aggregate number of common shares to be reserved and authorized for issuance pursuant to options granted cannot exceed 10% of the total number of then issued and outstanding common shares of the Company. The vesting period and the price are determined at the discretion of the Board of Directors. All currently issued options have terms of 5 years and vest immediately. The exercise price of each option shall not be less than the price permitted by any stock exchange on which the common shares are then listed.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

A summary of the status of the Company's stock option plan as at October 31, 2009 and 2008 and changes during the years then ended are as follows:

		<u>2009</u>		<u>2008</u>	
		Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Outstanding, beginning of year	of	350,000	\$0.10	1,830,000	\$0.10
Granted		1,100,000	0.10	-	-
Exercised		-	-	(1,330,000)	0.10
Expired		(200,000)	0.10	(150,000)	0.10
Outstanding and exercisable, end of year		1,250,000	\$0.10	350,000	\$0.10

The following table summarizes information about the Company's stock options outstanding and exercisable at October 31, 2009:

Exercise price (\$)	Number of options outstanding and exercisable	Weighted-average remaining contractual life (years)
0.10	1,250,000	4.60

e) Stock-based compensation

On September 1, 2009, the Company granted 1,100,000 stock options to officers, directors and consultants to purchase common shares at \$0.10 per share for a period of five years from the date of grant. The fair value of the stock options granted during the year was estimated at the grant date using the Black-Scholes option pricing model with the following assumptions:

Risk-free interest rate	2.57%
Expected life	5 years
Expected volatility	112%
Expected dividends	\$ -
Fair value per option	\$0.024

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

For the year ended October 31, 2009 the Company recognized stock-based compensation expense of \$26,070 (2008 - \$NIL) with a corresponding increase to contributed surplus.

f) Contributed surplus

A summary of the Company's contributed surplus as at October 31, 2009 and 2008 and changes during the years then ended is as follows:

Balance, October 31, 2007	\$ 211,550
Exercise of stock options	(79,800)
Balance, October 31, 2008	131,750
Stock-based compensation	26,070
Balance, October 31, 2009	<u>\$ 157,820</u>

g) Income (loss) per share

Basic income (loss) per share is calculated based on the weighted average number of common shares outstanding during the year of 20,009,679 (2008 – 18,883,405). Shares to be issued upon the exercise of stock options and warrants have not been included in the diluted weighted average number of common shares outstanding because they are anti-dilutive.

8 Income taxes

a) Income tax expense (recovery) differs from that calculated by applying statutory rates to accounting income (loss) as follows:

	2009	2008
	\$	\$
Net income (loss) before income taxes	121,324	(389,849)
Enacted combined federal and provincial tax rate	29.08%	29.90%
	<u>35,000</u>	<u>(117,000)</u>
Increase (decrease) resulting from:		
Change in tax rates	(4,000)	(5,000)
Stock-based compensation	8,000	-
Settlement of management fees payable	(12,000)	-
Loss carry-forward expired	-	148,000
Change in valuation allowance	(27,000)	(26,000)
Tax expense for the year	<u>-</u>	<u>-</u>

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

- b) The significant components of the Company's future income tax asset are as follows:

	2009	2008
	\$	\$
Temporary differences related to property and equipment	47,000	47,000
Non-capital losses carried forward	196,000	223,000
Marketable securities written down for accounting purposes	38,000	38,000
Total gross future income asset	<u>281,000</u>	<u>308,000</u>
Valuation allowance	<u>(281,000)</u>	<u>(308,000)</u>
Net future income tax asset	<u>-</u>	<u>-</u>

- c) The Company has non-capital losses carried forward totaling \$783,289, which expires as follows:

2015	\$ 24,917
2026	34,811
2027	333,712
2028	389,849
Total	<u>783,289</u>

9 Financial Instruments

a) Fair values

The Company's financial instruments consist of cash, accounts payable and accrued liabilities, loans payable and management fee payable. The fair values of these financial instruments approximate their carrying values due to their short-term maturity.

b) Credit risk

The Company's cash consists of balances with a Canadian Chartered Bank. The Company's credit risk is primarily attributable to receivables. The Company has no significant concentration of credit risk from operations. Receivables consist of Goods and Services Tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to cash and receivables is remote.

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

c) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2009, the Company had a cash balance of \$98 (2008 - \$1,467) to settle current liabilities of \$64,474 (2008 - \$34,248), excluding loans payable and management fee payable. All of the Company's financial liabilities are subject to normal trade terms. Currently related parties are injecting funds, deferring payment or settling indebtedness through the issuance of equity to cover payment of financial obligations when due.

d) Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Company's net income (loss) or value of financial instruments.

(i) Interest rate risk

The Company is exposed to interest rate cash flow risk to the extent of interest rate fluctuations on the loans payable. A 1% increase or decrease in interest rates would have a \$750 effect on net income (loss) before income taxes.

10 Subsequent events

- a) On September 11, 2009 the Company entered into a Letter of Intent with Boxxer Gold Corp. (the "Optionor") for an earn-in-option on the property known as the "Gordon Lake Project" (the "Project"). The Company will earn a 55% interest in the property, by spending \$2,000,000 in exploration expenses, making payments of \$100,000 to the Optionor and issuing 1,250,000 common shares to the Optionor over a three year period.

Pursuant to the agreement, the exploration requirements, payments to be made and common shares to be issued are as follows:

	Exploration	Payment	Number of Common Shares
Year 1	\$200,000	\$ 50,000	250,000
Year 2	800,000	25,000	500,000
Year 3	1,000,000	25,000	500,000
	\$2,000,000	\$100,000	1,250,000

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
Years ended October 31, 2009 and 2008

Excess expenditures from one year can be applied to the next.

Conditions that must be satisfied before the offer is final are: the Company must receive all approvals from the necessary regulatory authorities; the Company must complete adequate financing for year 1 minimum exploration requirements, and; the Company will have adequate time to perform their due diligence on the Project, including title and a NI 43-101 report.

- b)** Subsequent to year end, the Company closed a non-brokered private placement (the "Placement") in which they issued 11,970,000 units at \$0.05 per Unit for total proceeds of \$598,500. The Placement was comprised of 5,972,000 Units consisting of one common share and one common share purchase warrant exercisable for one year at a price of \$0.10 per share (the "Warrant") and 5,998,000 flow-through units consisting of one common share issued on a flow-through basis and one Warrant.

Costs relating to the Placement include commissions of \$43,350 and the issuance of 867,000 Warrants to Agents that are unrelated to the Company.

- c)** Subsequent to year end, the Company repaid the management fee payable and \$67,433 of the loans payable that were outstanding at October 31, 2009.