

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
OF OPERATING RESULTS AND FINANCIAL CONDITION OF  
CHAMPLAIN RESOURCES INC.  
FOR THE YEAR ENDED OCTOBER 31, 2009  
(PREPARED BY MANAGEMENT)**

The following discussion and analysis should be read in conjunction with Champlain Resources Inc.'s (the "Company" or "Champlain") audited annual consolidated financial statements for the year ended October 31, 2009, including the notes thereon. The following discussion and analysis contains forward-looking statements, which involve risks and uncertainty. These risks and uncertainties are detailed from time to time in publicly filed disclosure documents and securities commission reports of the Company. All currency amounts are stated in Canadian dollars unless otherwise noted.

**FORWARD LOOKING STATEMENTS**

This MD&A may contain certain forward-looking statements that involve known and unknown risks, uncertainties and other factors that may cause the Company's actual results, performance, prospects or opportunities to differ materially from those expressed in, or implied by, these forward-looking statements. These risks, uncertainties and factors may include, but are not limited to: unavailability of financing, changes in government regulation, general economic condition, general business conditions, limited time being devoted to business by directors, escalating professional fees, escalating transaction costs, competition, fluctuation in foreign exchange rates, stock market volatility, unanticipated operating events and liabilities inherent in industry. Readers are cautioned not to place undue reliance on forward-looking statements, which are effective only as of the date of the MD&A or as of the date otherwise specifically indicated herein.

**OVERVIEW**

The Company does not currently have any active business and is in the process of searching for suitable opportunities for the Company to acquire. The Company has been inactive since 2001. Pursuant to a resolution passed by shareholders on June 29, 2007, the Company changed its name to Champlain Resources Inc. from Earthramp.com Communications Inc.

During September 2009, the Company signed a Letter of Intent ("LOI") with Boxxer Gold Corp ("Boxxer"). Pursuant to the LOI, the Company has proposed an offer to Boxxer to acquire an interest in their Gordon Lake Gold Project, located in Northwest Territories, Canada. The Company will earn an interest in the Gordon Lake Gold Project by way of a three year option agreement with staged payments, share issuances and spending commitments. The proposed transaction constitutes a change of business, and thus the offer is subject to regulatory and other approvals. The offer is also subject to due diligence procedures performed by the Company, including the completion of a National Instrument 43-101 compliant report, which has been satisfied. The principal terms and conditions of the LOI are summarized below:

- a) The Company has the option to earn a 55% interest in the Gordon Lake Gold Project over a three year period;
- b) In year one, the Company will make a cash payment to Boxxer of \$50,000, issue to Boxxer 250,000 common shares of the Company and commit to spend a minimum of \$200,000 of exploration expenditures on the property within such year,
- c) In year two, the Company will make a cash payment to Boxxer of \$25,000, issue to Boxxer 500,000 common shares of the Company and commit to spend a minimum of \$800,000 of exploration expenditures on the property within such year;

- d) In year three, the Company will make a cash payment to Boxxer of \$25,000, issue to Boxxer 500,000 common shares of the Company and commit to spend a minimum of \$1,000,000 of exploration expenditures on the property within such year.

The proposal does not allow for any partial earning of interest.

Subsequent to October 31, 2009, the Company raised \$598,500 through the issuance of 11,970,000 units. Of this amount \$299,900 (5,998,000 units) was raised on a flow-through basis. The Company intends to use the flow-through funds raised in connection with the Gordon Lake Gold Project.

## **BASIS OF PRESENTATION**

Champlain Resources Inc. (the "Company") is an inactive company with limited operations. The Company is currently seeking suitable opportunities in the mining sector, including the transaction to acquire an interest in the Gordon Lake Gold Project.

These consolidated 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 and repay 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.

## SELECTED ANNUAL INFORMATION AND RESULTS OF OPERATIONS

The financial information included in this report and the financial statements referenced have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP").

	FINANCIAL HIGHLIGHTS		
	October 31, 2009	October 31, 2008	October 31, 2007
	\$	\$	\$
Gross revenues	-	12	498
Total assets	8,015	4,149	7,647
Cash flow used in operations	(200,316)	(389,849)	(195,302)
Per share (basic and diluted)	(0.01)	(0.02)	(0.01)
Net income (loss)	121,324	(389,849)	(443,512)
Per share (basic and diluted)	0.01	(0.02)	(0.03)
Capital expenditures	-	-	-
General & administrative expenses (recovery)	(107,184)	389,861	444,010

Interest income during prior years was generated from interest received on cash held in banking deposits and term deposits. During the year ended October 31, 2009 interest income decreased to \$nil (2008 - \$12) as the Company's cash on hand decreased to a negligible amount.

Total assets were \$8,015 at October 31, 2009 (2008 - \$4,149). The year over year increase in total assets is primarily the result of the increase in the GST recoverable and prepaid expenses.

Cash flow used in operations is the cash flow resulting directly from the Company's regular operations, and does not include the change in working capital. Cash flow used in operating activities was \$200,316 at October 31, 2009 (2008 - \$389,849), due to the lack of revenue and the incurrence of G&A expenses. The change from prior year is primarily due to a reduction in management fees accrued.

During the year ended October 31, 2009, the Company recorded a net income of \$121,324 and \$0.01 per share (2008 - net loss \$389,849 or \$(0.02) per share). The Company was in an income position during the year due to recording a recovery of management fees payable in the amount of \$307,500, which offset expenses.

General and administrative expenses for the year ended October 31, 2009 were \$200,316 (2008 - \$389,861), gross of the recovery of management fees payable of \$307,500. The Company's expenses are comprised mainly of management consulting fees and professional fees. Expenses have remained low as a result of minimal corporate and operational activity. The decrease from prior year is primarily due to management receiving a lower consulting fee of \$2,500 per month, compared to \$12,500 per month in 2008.

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

## SUMMARY OF QUARTERLY RESULTS

	For the three months ending							
	October 31, 2009	July 31, 2009	April 30, 2009	January 31, 2009	October 31, 2008	July 31, 2008	April 30, 2008	January 31, 2008
Revenue	-	-	-	-	-	-	-	-
Total assets	8,015	3,344	8,814	4,787	4,149	9,242	5,666	4,039
Net income (loss)	(24,378)	282,382	(50,259)	(86,421)	(105,386)	(118,753)	(84,584)	(81,126)
Per share	(0.00)	0.02	(0.01)	(0.00)	(0.01)	(0.01)	(0.00)	(0.00)

The increase in total assets during the three months ended October 31, 2009 is primarily the result of an increase in the prepaid balance and the GST recoverable.

The quarterly rate of expenses during the year ended October 31, 2009 remained fairly consistent with that of the prior year, with the exception of management fees. The President has revised the base fee to \$2,500 per month; payable only to the President, effective November 1, 2008. The Company recorded a recovery of \$97,500 for management fees incurred from November 1, 2008 to April 30, 2009 to reflect this revision. The Company has also recorded a recovery of \$210,000 of management fee debt which had accumulated up to October 31, 2008. The effect of these recoveries has been included in net income for the period ending July 31, 2009 creating an income position.

## LIQUIDITY AND CAPITAL RESOURCES

During the year ended October 31, 2009, the Company's operations consumed cash of \$47,825 (2008 - \$164,144) including the changes in working capital balances. The Company's cash consumption from operations is low given the lack of active operations. Cash flows provided by financing activities during the year ended October 31, 2009 of \$46,456 (2008 - \$161,703), were attributable to related party financing.

Subsequent to October 31, 2009 the Company raised financing to support the anticipated Gordon Lake Gold Project. Current economic conditions will present the Company with more than normal challenges for future financings, which will impact the Company's ability to satisfy the spending commitments pursuant to the LOI. Without further financing, the Company will not have sufficient cash pursue and fund future operations, including the operational expenses and administrative expenses that will result. There can be no certainty of the Company's ability to raise additional financing through private placements, advances from related parties, or other sources.

## ISSUED SHARES AND CONVERTIBLE, EXERCISABLE AND EXCHANGEABLE SECURITIES

The Company is authorized to issue an unlimited number of common shares and an unlimited number of preferred shares issuable in series. The Company's issued share capital and the outstanding securities that are convertible into or exercisable or exchangeable for any voting or equity securities of the Company is as follows

	October 31, 2009	February 16, 2010
Common Shares (1)	21,459,535	33,429,535
Preferred Shares	Nil	Nil
Warrants (1,2)	1,800,000	14,637,000
Stock Options (3)	1,250,000	1,250,000

Notes:

1. 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. The warrants were prescribed a value of \$0.0027 per warrant based on a Black Scholes calculation.
2. 1,800,000 of the Warrants entitle the holder to acquire one additional common share at \$0.10 per share until August 21, 2010. 12,837,000 of the Warrants were issued subsequent to October 31, 2009 and entitle the holder to acquire one additional common share at \$0.10 per share exercisable for one year.
3. 150,000 of the Stock Options entitle the holders to acquire an equal number of common shares at \$0.10 per share until September 7, 2012. 1,100,000 of the Stock Options entitle the holders to acquire an equal number of common shares at \$0.10 per share until September 1, 2014. During the year ended October 31, 2009, 200,000 of the Stock Options entitling holders to acquire an equal number of common shares at \$0.10 per share expired unexercised.

## **CONTRACTUAL OBLIGATIONS**

The Company has no outstanding contractual obligations.

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative financial obligations, or with respect to any obligation under a variable interest equity arrangement.

## **TRANSACTIONS WITH RELATED PARTIES**

- 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 specific 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. Also during the year, the Company wrote off \$210,000 of management fee debt which had accumulated up to October 31, 2008, and converted the remaining \$90,000 into common shares of the Company. As part of the revisions to the consulting agreement, 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.

#### **APPLICATION OF ACCOUNTING 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.

#### **CHANGES IN ACCOUNTING POLICIES**

##### *General standard 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.

##### *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.

## **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.

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.

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.

## **FINANCIAL INSTRUMENTS**

### **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.

### **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 Service Tax due from the Federal Government of Canada. Management believes that the credit risk concentration with respect to cash and receivables is remote.

### **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 have contractual maturities of less than 30 days and are subject to normal trade terms. Currently related parties are injecting funds to cover payment of financial obligations when due.

### **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.

#### *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.

## **SUBSEQUENT EVENTS**

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 \$46,100 and the issuance of 867,000 Warrants to Agents that are unrelated to the Company.

## **OUTLOOK**

The Company has raised a total of \$598,500 as of the fourth and final closing on February 16<sup>th</sup> 2010. The flow through portion is intended to be spent on the Gordon Lake Gold Project in the Northwest Territories, Canada.

The Company's management will make a recommendation in the future for the direction of the Marcellus Shale business plan, however no assurances can be given that anything will materialize at this time.

## **APPROVAL**

The Board of Directors of Champlain Resources Inc. has approved the disclosure contained in this MD&A.

## **ADDITIONAL INFORMATION**

Additional information relating to Champlain Resources Inc. can be found on SEDAR at [www.sedar.com](http://www.sedar.com)

Dated: February 16, 2010