

Champlain Resources Inc.

Financial Statements

First Quarter Ended January 31, 2010

(expressed in Canadian dollars)

Management's Responsibility for Financial Reporting

The accompanying financial statements of Champlain Resources Inc. (the "Company") have been prepared by and are the responsibility of the management of the Company. The 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. These statements have not been reviewed by the Company's external auditors.

Approved on Behalf of Champlain Resources Inc.,

Signed "Troy Mochoruk"
President and Chief Executive Officer

March 18, 2010

Champlain Resources Inc.

Consolidated Balance Sheets

As at January 31, 2010 and October 31, 2009

	January 31, 2010	October 31, 2009
	\$	\$
Assets		
Current assets		
Cash	359,639	98
GST receivable	4,661	2,487
Prepaid expenses	2,573	5,430
	<u>366,873</u>	<u>8,015</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	48,889	64,474
Loans payable (note 6a)	10,695	75,159
Management fee payable (note 6b)	-	30,000
	<u>59,584</u>	<u>169,633</u>
Shareholders' Equity (Deficiency)		
Share capital (note 7b)	5,094,015	4,777,523
Warrants (note 7c)	190,596	4,790
Contributed surplus	157,820	157,820
Deficit	(5,135,142)	(5,101,751)
	<u>307,289</u>	<u>(161,618)</u>
	<u>366,873</u>	<u>8,015</u>

Organization and nature of operations (note 1)

Subsequent events (note 9)

Approved by the Board of Directors

Troy Mochoruk Director

Bill Thompson Director

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

Champlain Resources Inc.

Consolidated Statements of Loss, Comprehensive Loss and Deficit For the three months ended January 31, 2010 and 2009

	January 31, 2010	January 31, 2009
	\$	\$
Expenses		
Bank charges and interest	650	1,829
Management fees (note 6b)	7,500	75,000
Office and miscellaneous	3,498	405
Professional fees	13,986	959
Regulatory and filing fees	3,375	3,792
Transfer agent	4,382	936
Wages and salaries	-	3,500
	<hr/>	<hr/>
Net loss and comprehensive loss	(33,391)	(86,421)
Deficit, beginning of period	(5,101,751)	(5,223,075)
	<hr/>	<hr/>
Deficit, end of period	(5,135,142)	(5,309,496)
	<hr/>	<hr/>
Basic and diluted loss per share (note 7e)	(0.00)	(0.00)

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

Champlain Resources Inc.

Consolidated Statements of Cash Flows

For the three months ended January 31, 2010 and 2009

	January 31, 2010	January 31, 2009
	\$	\$
Cash flows used in operating activities:		
Net loss for the period	(33,391)	(86,421)
Changes in non-cash working capital:		
GST receivable	(2,174)	348
Prepaid expenses	2,857	(1,973)
Accounts payable and accrued liabilities	(15,584)	77,191
Management fee payable	(30,000)	-
	<u>(78,292)</u>	<u>(10,855)</u>
Cash flows provided by financing activities		
Proceeds from issuance of common shares, net of issue costs	329,115	-
Proceeds from issuance of warrants, net of issue costs	173,183	-
Repayment of loans from related parties	(70,118)	-
Advances from related parties	5,653	9,868
	<u>437,833</u>	<u>9,868</u>
Increase (Decrease) in cash	359,541	(987)
Cash, beginning of period	98	1,467
Cash, end of period	<u>359,639</u>	<u>480</u>

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

Champlain Resources Inc.

Notes to the Consolidated Financial Statements
For the three months ended January 31, 2010

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. During September 2009, the Company signed a Letter of Intent ("LOI") with Boxxer Gold Corp (the "Optionor"). Pursuant to the LOI, the Company has proposed an offer to the Optionor 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.

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 January 31, 2010, the Company had not yet achieved profitable operations, has working capital of \$307,289, has accumulated a deficit of \$5,135,142 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 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.

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Notes to the Consolidated Financial Statements
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2 Significant accounting policies

These unaudited interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP"), using the same accounting policies and methods as per the annual financial statements for the year ended October 31, 2009, with the additions described in note 3. They do not include all of the disclosures required by Canadian GAAP, and should be read in conjunction with the most recent annual financial statements of the Company.

The results of operations for the three months ended January 31, 2010 are not necessarily indicative of those to be expected for the entire year ending October 31, 2010.

3 Adoption of new accounting standards

Financial Instruments – Disclosures – CICA Handbook Section 3862

The CICA amended Handbook Section 3862 to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurement. Fair values of assets and liabilities in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than quoted prices for which all significant outputs are observable, either directly or indirectly. Level 3 valuations are based on inputs that are unobservable and significant to the overall fair value measurement. The amendments were adopted on November 1, 2009 and result in increased note disclosures for financial instruments.

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 For the three months ended January 31, 2010

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.

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Notes to the Consolidated Financial Statements
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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.

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 period ended January 31, 2010. The Company is not subject to externally imposed capital requirements.

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Notes to the Consolidated Financial Statements
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6 Loans payable and management fee payable

- a) As at January 31, 2010, the Company had loans outstanding of \$10,045 (October 31, 2009 - \$64,158) 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 \$650 (October 31, 2009 - \$11,001), which is included in bank charges and interest, are included as loans payable on the balance sheet totaling \$10,695 (October 31, 2009 - \$75,159). During the three month period ended January 31, 2010, the Company repaid a total of \$67,433 of the loans payable outstanding. These advances are unsecured, bear interest at a rate of a bank's prime rate plus 18% which is compounded on a quarterly basis and have no specific terms of repayment.
- b) During the three month period ended January 31, 2010, the Company paid aggregate management fees of \$7,500 to the President of the Company. 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. 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 president temporarily revised the base fee payable to the President to \$2,500 per month; effective for the period commencing November 1, 2008. As a result, during the year ended October 31, 2009, the Company recorded a recovery totaling \$97,500 for management fees 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 ended October 31, 2009, the Company recovered \$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.

Included in accounts payable at January 31, 2010 was \$nil relating to management fee payable (October 31, 2009 - \$30,000). The president of the company will receive the contractual amount of \$12,500 per month when the company is listed on the TSX Venture Exchange.

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.

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7 Share capital

a) Authorized

Unlimited number of common shares without par value
Unlimited number of preferred shares, issuable in series

b) Issued

	Number of Shares	Amount \$
Outstanding, October 31, 2009	21,459,535	4,777,523
Private placement of units (i)	5,422,000	180,141
Private placement of flow-through shares (ii)	5,998,000	217,676
Fair value of Finders warrants (iii)	-	(12,623)
Share issue costs	-	(68,702)
Outstanding, January 31, 2010	<u>32,879,535</u>	<u>5,094,015</u>

(i) During the three month period ended January 31, 2010, the Company closed three tranches of a non-brokered private placement (the "Placement") in which they issued 5,422,000 units at \$0.05 per Unit for total proceeds of \$271,100. Each Unit consists of one common share of the Company and one common share purchase warrant (the "Warrant"). Each Warrant is exercisable into one common share at a price of \$0.10 per common share, and is exercisable for one year. \$90,959 of the total proceeds was attributable to the fair value of the Warrants issued.

(ii) The Placement also included the issuance of 5,998,000 Units of the Company on a flow-through basis at \$0.05 per Unit for total proceeds of \$299,900. Each Unit consisted of one common share of the Company on a flow-through basis and one Warrant. \$82,224 of the total proceeds was attributable to the fair value of the Warrants issued.

(iii) Pursuant to the Placement, Finder's Warrants totaling 867,000 were issued to an arm's length party for introducing to the Company subscribers to the private placement.

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c) Warrants

	Number of Warrants	Amount \$	Weighted Average Exercise Price \$
Outstanding, October 31, 2009	1,800,000	4,790	0.10
Issued pursuant to Placement of Units (7(b(i)))	5,422,000	90,959	0.10
Issued pursuant to Placement of flow-through shares (7(b(ii)))	5,998,000	82,224	0.10
Finders warrants issued pursuant to Placement (7(b(iii)))	867,000	12,623	0.10
Outstanding, January 31, 2010	14,087,000	190,596	0.10

During the three month period ended January 31, 2010, 12,287,000 warrants were issued. The fair value of the warrants issued was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

Risk-free interest rate	1.32%
Expected life	1 year
Expected volatility	112%
Expected dividends	\$ -
Fair value per warrant	0.015

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 For the three months ended January 31, 2010

During the three month period ended January 31, 2010, there were no options granted, exercised or expiries. The following table summarizes information about the Company's stock options outstanding and exercisable at January 31, 2010:

Exercise price (\$)	Number of options outstanding and exercisable	Weighted-average exercise price (\$)	Weighted-average remaining contractual life (years)
0.10	1,250,000	0.10	4.35

e) Loss per share

Basic loss per share is calculated based on the weighted average number of common shares outstanding during the three month period ended January 31, 2010 of 25,262,568 (January 31, 2009 – 19,569,542). 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 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 or because they bear interest at market rates.

Effective November 1, 2009, the Company adopted the amendments to CICA Section 3862 "Financial Instruments – Disclosures". These amendments require the Company to present information about financial instruments measured at fair value in accordance with a three level hierarchy. The hierarchy groups financial assets and liabilities into three levels based on the significance of inputs used in measuring the fair values of the financial assets and liabilities. The fair value hierarchy has the following levels:

- (i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- (ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the finance financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement. At January 31, 2010, the Company does not hold any financial instruments subject to the valuation through the hierarchy.

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.

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 January 31, 2010, the Company had a cash balance of \$359,639 (October 31, 2009 - \$98) to settle current liabilities of \$48,889 (October 31, 2009 - \$64,474), 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.

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 not have a significant effect on net loss before income taxes.

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Notes to the Consolidated Financial Statements
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9 Subsequent events

Subsequent to the three month period ended January 31, 2010, the Company entered into the following transactions:

- a) The Company closed the fourth and final tranche of a larger non-brokered private placement (the "Placement") in which they issued 550,000 units at \$0.05 per Unit for total proceeds of \$27,500. The Placement consisted of one common share and one common share purchase warrant exercisable for one year at a price of \$0.10 per share (the "Warrant").
- b) 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 requirement, 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

Excess expenditures from one year may 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 an NI 43-101 report.

Subsequent to January 31, 2010, the Company filed with the TSX Venture NEX Exchange all the documents required for their review to approve the proposed change of business.