

CHAMPION BEAR RESOURCES LTD.

Condensed Interim Financial Statements

For the Nine Months ended September 30, 2017 and 2016

(Unaudited – Prepared by Management)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM
FINANCIAL STATEMENTS**

The accompanying unaudited interim financial statements of Champion Bear Resources Ltd. for the nine months ended September 30, 2017 have been prepared by the management of the Company and approved by the Company's Audit Committee and the Company's Board of Directors.

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

CHAMPION BEAR RESOURCES LTD.**Statements of Financial Position**

	September 30, 2017	December 31, 2016
Assets		
Current assets		
Cash and cash equivalents	\$ 14,591	\$ 446,681
Accounts receivable	10,214	5,564
Prepays and deposits	-	50,000
Available-for-sale investments (note 5)	22,697	14,781
	47,502	517,026
Property and equipment (note 6)	22,232	25,838
Exploration and evaluation assets (note 7)	5,965,398	5,668,443
	5,987,630	5,694,281
Total Assets	\$ 6,035,132	\$ 6,211,307

Liabilities and Shareholders' Equity

Current liabilities		
Accounts payable and accrued liabilities	\$ 323,544	\$ 361,263
Related party payables (note 9)	1,845,696	1,609,919
	2,169,240	1,971,182
Share capital (note 8)	25,169,230	25,169,230
Equity reserve	3,978,297	3,886,465
Deficit	(25,281,635)	(24,815,570)
	3,865,892	4,240,125
Total Liabilities and Shareholders' Equity	\$ 6,035,132	\$ 6,211,307

Going concern (note 2)

Commitments (note 11)

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.**Condensed Interim Statements of Loss and Comprehensive Loss****Nine months ended September 30, 2017 and 2016**(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Expenses				
General and administrative	\$ 51,097	\$ 27,337	\$ 165,024	\$ 99,964
Consulting fees <i>(note 9)</i>	75,000	48,000	225,000	144,000
Interest expense	25	63	62	210
Unrealized foreign exchange loss	(12,913)	7,634	(11,542)	(5,913)
Share-based compensation <i>(note 8)</i>	20,012	3,748	91,832	19,209
Depreciation <i>(note 6)</i>	1,202	1,564	3,606	4,691
	134,423	88,346	473,982	262,161
Other (loss) income				
Impairment (loss) income on available for sale investments <i>(note 5)</i>	3,750	(2,763)	7,917	10,746
Net (loss) income for the period	\$ (130,673)	\$ (91,109)	\$ (466,065)	\$ (251,415)
Net (loss) income per share — Basic and diluted <i>(note 10)</i>	\$ (0.003)	\$ (0.002)	\$ (0.010)	\$ (0.006)

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.
Condensed Interim Statements of Cash Flows
Nine months ended September 30, 2017 and 2016
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2017	2016	2017	2016
Operating activities				
Net loss for the period	\$ (130,673)	\$ (91,109)	\$ (466,065)	\$ (251,415)
Items not involving cash:				
Share-based compensation	20,012	3,748	91,832	19,209
Depreciation	1,202	1,564	3,606	4,691
Unrealized foreign exchange loss	(12,913)	7,634	(11,542)	(5,913)
(Gain) loss on available for sale investments	(3,750)	2,763	(7,917)	(10,746)
Changes in non-cash working capital (note 13)	(222,635)	(111,577)	191,892	(15,910)
Net cash used in operating activities	(348,757)	(186,977)	(198,194)	(260,084)
Financing activities				
Changes in non-cash working capital (note 13)	302,861	187,000	40,682	262,362
Net cash generated from financing activities	302,861	187,000	40,682	262,362
Investing activities				
Exploration and evaluation asset expenditures	(69,130)	-	(296,955)	(2,582)
Changes in non-cash working capital (note 13)	(36,907)	-	22,377	(1,152)
Net cash used in investing activities	(106,037)	-	(274,578)	(3,734)
Increase (decrease) in cash and cash equivalents	(151,933)	23	(432,090)	(1,456)
Cash and cash equivalents, beginning of period	166,524	2,066	446,681	3,545
Cash and cash equivalents, end of period	\$ 14,591	\$ 2,089	\$ 14,591	\$ 2,089

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.
Condensed Interim Statements of Changes in
Shareholders' Equity
Nine months ended September 30, 2017 and 2016
(unaudited)

	Number of Shares	Share Capital	Equity Reserve	Deficit	Total
Balance, January 1, 2015	41,466,325	\$ 24,687,861	3,855,160	(24,404,852)	\$ 4,138,169
Private placements, net of share issuance costs (<i>note 8</i>)	5,000,000	481,369			481,369
Share-based compensation (<i>note 8</i>)	-	-	31,305	-	31,305
Net loss for the year	-	-	-	(410,718)	(410,718)
Balance, December 31, 2016	46,466,325	25,169,230	3,886,465	(24,815,570)	4,240,125
Balance, January 1, 2017	46,466,325	\$ 25,169,230	3,886,465	(24,815,570)	\$ 4,240,125
Share-based compensation (<i>note 8</i>)	-	-	91,832	-	91,832
Net loss for the period	-	-	-	(466,065)	(466,065)
Balance, September 30, 2017	46,466,325	\$ 25,169,230	3,978,297	(25,281,635)	\$3,865,892

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2017 and 2016

(unaudited)

1. Basis of presentation

Champion Bear Resources Ltd. (the "Company") was incorporated under the laws of the Province of Alberta. The Company's shares are traded on the TSX Venture Exchange ("TSXV"). The Company is principally engaged in the business of acquiring, exploring and developing interests in mining projects. To date, the Company has not generated revenues and is considered to be in the exploration stage.

The Company's registered office is located at 2005 – 9th Street SW, Calgary, Alberta, T2T 3C4.

On November 2, 2017, the Company's Board of Directors approved these condensed interim financial statements.

2. Going concern

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 4. Accordingly, their carrying amount represent costs incurred to date, net of impairment losses, and do not necessarily reflect present or future values. At September 30, 2017, the Company had a working capital deficiency of \$2,121,738, an accumulated deficit of \$25,281,635, has used cash in operating activities of \$191,892 and has recognized a net loss of \$466,065.

The Company is in the process of exploring its mineral property interests, which will require the Company to obtain financing, and has not yet determined whether its mineral properties contain reserves that are economically recoverable. To ensure the mineral claims remain in good standing, the Company has certain commitments to meet (Note 11) and if these commitments are not met, or the appropriate applications for extension are not filed by the Company or accepted by the Ontario Ministry of Northern Development and Mines, the Company may lose their right to explore these mineral properties. Therefore, the Company's ability to continue as a going concern is dependent on both its ability to obtain additional financing to meet these commitments and discharge its working capital deficiency as well as the ongoing forbearance of its creditors and related parties to which amounts are owed.

The requirements to raise funds for general operating activities and current commitments will necessitate raising capital or disposing of assets. Should funds not be available, exploration activities will be limited. These matters raise significant doubt on the ability of the Company to continue to meet its obligations and continue as a going concern. These financial statements do not reflect the adjustments or reclassifications of assets and liabilities which would be necessary if the Company were unable to continue as a going concern and therefore be required to realize its assets and liabilities in other than the normal course of business potentially at amounts significantly different from those recorded in these financial statements.

3. Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

CHAMPION BEAR RESOURCES LTD.

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4. Significant accounting policies

Interests in Joint Arrangements

A joint arrangement can take the form of a joint venture or joint operation. All joint arrangements involve a contractual arrangement that establishes joint control, which exists only when decisions about the activities that significantly affect the returns of the investee require unanimous consent of the parties sharing control. A joint operation is a joint arrangement in which we have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement in which we have rights to only the net assets of the arrangement.

The Company has interests in joint operations. Joint operations are accounted for by recognizing our share of the assets, liabilities, revenues, expenses and cash flows of the joint operation in our consolidated financial statements.

Finance income

Finance income is comprised of interest income and is recognized as it accrues in profit or loss.

Foreign currency translation

The presentation currency and the functional currency of the Company is the Canadian dollar.

Property and equipment

Property and equipment is recorded at cost less accumulated depreciation. The cost of an item consists of the purchase price, any costs directly attributable to bringing the asset to the location, and condition necessary for its intended use.

Depreciation is calculated using the declining balance method to write off the cost of asset, less the estimated residual value, at the following rates:

Computer equipment 45%
Other equipment 20%
Furniture and fixtures 20%
Camp equipment 20%
Trailers and steel building 30%
Fences 10%

An item is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss. Where an item of property and equipment comprises major components with different useful lives, the components are accounted for as separate items of property and equipment.

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Mineral properties and mine development costs

The cost of acquiring and developing mineral properties or property rights, including pre-production waste rock stripping costs related to mine development and costs incurred during production to increase future output are capitalized.

Waste rock stripping costs incurred in the production phase of a surface mine are capitalized as production stripping costs within property, plant and equipment when it is probable that the stripping activity will improve access to the ore body. When the actual waste to ore stripping ratio in a period is greater than the expected life-of-component waste to ore stripping ratio for a component, the excess is capitalized as capitalized production stripping costs.

Once available for use, mineral properties and mine development costs are depreciated on a units-of-production basis over the proven and probable reserves to which they relate. Capitalized stripping costs incurred are depreciated on a units-of-production basis over the proven and probable reserves of the respective component of the mine to which they relate.

Underground mine development costs are depreciated using the block depreciation method where development costs associated with each distinct section of the mine are depreciated over the reserves to which they relate.

Exploration and evaluation assets

After the Company obtains the right to explore a property all exploration costs are capitalized, which includes licence acquisition costs and all costs associated with exploration and evaluation activities relating to specific properties as incurred, until those properties are determined to be commercially viable for mineral production. Once a project has been established as commercially viable and technically feasible, the accumulated exploration and evaluation costs, less any impairment, are transferred to property, and equipment and assessed for impairment. Subsequent development expenditures are capitalized as property and equipment. Capitalization ceases when the mine is capable of commercial operations.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount of the exploration and evaluation assets may exceed its recoverable amount. The recoverable amount of the exploration and evaluation assets is estimated to determine the extent of the impairment loss (if any). Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in previous years.

The actual recoverable value of capitalized expenditures for mineral properties and deferred exploration costs will be contingent upon the discovery of economically viable reserves and the Company's financial ability at that time to fully exploit these properties or determine a suitable plan of disposition.

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Share-based payments

The share option plan allows Company employees (including directors and senior executives) and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity.

The Company uses the fair value method for valuing stock option grants using the Black Scholes option pricing model. Under this model, the stock options granted are measured at fair value on the date of grant and the costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest.

At the time when the share options are exercised, the amount previously recognized in share option reserve is transferred to share capital. When unvested options are forfeited or are not exercised at the expiry date the amount previously recognized in respect of the forfeited options is reversed.

Taxation

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of each reporting period.

(b) Deferred income tax

Deferred income tax is recognized on taxable temporary differences, at the end of each reporting period, between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward or unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

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Flow-through shares

The Company, from time to time, issues flow-through shares to finance a portion of its capital expenditure program. Pursuant to the terms of the flow-through share agreements, the tax deductions associated with the expenditures are renounced to the subscribers. The difference between the value ascribed to flow-through shares issued and the value that would have been received for common shares at the date of issuance of the flow-through shares is initially recognized as a liability on the statement of financial position. When the expenditures are incurred, the liability is drawn down, a deferred tax liability is recorded equal to the estimated amount of deferred income tax payable by the Company as a result of the renunciation, and the difference is recognized in profit or loss.

Financial instruments – recognition and measurement

All financial assets and financial liabilities are initially recorded at fair value and designated upon inception into one of the following categories: held-to-maturity investments, available-for-sale financial assets, loans and receivables, other financial liabilities or fair value through profit or loss (“FVTPL”).

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through profit and loss. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income to the extent the losses are considered non-permanent. Subsequent to initial recognition at fair value, less any transaction costs, held-to-maturity investments, loans and receivables and financial liabilities are measured at amortized cost using the effective interest rate method.

The Company has the following classifications for its financial instruments:

- a) Investments have been classified as available for sale.
- b) Cash and cash equivalents and accounts receivables have been classified as loans and receivables.
- c) Accounts payable and accrued liabilities and related party payables have been classified as other liabilities.

The transaction costs that are directly attributable to the acquisition or issue of a financial asset or financial liability classified as FVTPL are expensed immediately. For a financial asset or financial liability carried at amortized cost, transaction costs directly attributable to acquiring or issuing the asset or liability are added to or deducted from the fair value on initial recognition and amortized through profit or loss income over the term of the financial instrument.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset’s original effective interest rate. Losses are recognized in profit or loss and

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Impairment of financial assets *(continued)*

reflected in an allowance account against receivables.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Other than temporary impairment losses on available-for-sale investment securities are recognized by transferring the cumulative loss that has been recognized in other comprehensive income, to profit or loss. Any subsequent recovery in the fair value of an impaired available-for-sale equity security is recognized in other comprehensive income.

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Exploration and evaluation assets are also assessed for impairment when they are transferred to development and production assets and also when facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU").

The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amounts of the other assets in the unit (group of units), on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

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Reclamation liabilities

Reclamation liabilities relating to legal or constructive obligations for future site reclamation and closure of the Company's mine sites are recognized when incurred and a liability and corresponding asset are recorded. Estimated closure and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs.

The amount of any liability recognized is estimated based on the risk-adjusted costs required to settle present obligations, discounted using a risk free rate consistent with the time period of expected cash flows.

When the liability is initially recorded, a corresponding asset retirement cost is recognized as an addition to mining interests and amortized using the unit of production method.

The liability for each mine site is accreted over time and the accretion charges are recognized as a finance cost in the Statements of Loss and Comprehensive Loss. The liability is subject to re-measurement at each reporting date based on changes in discount rates and timing or amounts of the costs to be incurred. Changes in the liability, other than accretion charges, relating to mine rehabilitation and restoration obligations, are added to or deducted from the carrying value of the related asset retirement cost in the reporting period recognized.

Earnings (loss) per share

Basic earnings (loss) per share are computed by dividing earnings (loss) by the weighted average number of shares outstanding during the year. The Company uses the treasury stock method for calculating diluted earnings per share. Diluted earnings per share are computed similar to basic earnings per share except that the weighted average shares outstanding are increased to include additional shares from the assumed exercise of stock options.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, and short term money market instruments with an original maturity of three months or less when acquired, which are readily convertible into a known amount of cash.

Significant accounting judgements and estimates

The preparation of financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual results could differ from these estimates.

Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both the current and future periods. However, actual outcomes can differ from these estimates.

Management has made a number of significant estimates and valuation assumptions based on present conditions and management's planned course of action as well as assumptions about future business and economic condition which include, but are not limited to, the following:

CHAMPION BEAR RESOURCES LTD.

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(unaudited)

- **Exploration and evaluation assets**

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement in determining the existence of possible impairment indicators and whether the future economic benefits are likely, which are based on assumptions about future events or circumstances, including the Company's expectations of commercial feasibility, resource and reserve estimates and views of future commodity prices. Estimates and assumptions made may change if new information becomes available. If, after expenditure is capitalized, information becomes available suggesting that the recovery of expenditure is unlikely, the amount capitalized is written down to the estimated recoverable amount in profit or loss in the period when the new information becomes available.

- **Stock-based compensation**

Stock based compensation is accounted for using the fair market value method. Under this method, stock option expense is determined by the Black-Scholes option pricing model using the volatility of the trading price of the Company's stock, the expected lives of awards of stock-based compensation, estimated forfeiture rates, and the risk-free interest rate. Differences in the estimation process for the determination of the assumptions used could cause differences in the determination of fair value.

- **Recovery of deferred income tax assets**

Judgement is required in determining whether deferred income tax assets are recognized on the statement of financial position. Deferred income tax assets, including those arising from un-utilized tax losses, require management to assess the likelihood that the Company will generate taxable earnings in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Deferred income tax assets are recorded to recognize tax benefits only to the extent that, based on available evidence, it is probable that they will be realized.

Adoption of recent accounting pronouncements:

(a) *Recent accounting pronouncements:*

The following new standards, amendments to standards and interpretations are not yet effective and have not been applied in preparing these financial statements.

IFRS 9 *Financial Instruments* ("IFRS 9") eliminates the existing financial asset categories of held to maturity, available-for-sale and loans and receivable. Financial assets will be classified into one of two categories on initial recognition: financial assets measured at amortized cost; or financial assets measured at fair value. Gains and losses on remeasurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, for which an irrevocable election can be made to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual investment basis. Amounts presented in OCI will not be reclassified to profit or loss at a later date. IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company will evaluate the impact of the change to its financial statements based on the characteristics of its financial instruments at the time of adoption.

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Adoption of recent accounting pronouncements: (continued)

(a) Recent accounting pronouncements: (continued)

IFRS 15 *Revenue from Contracts with Customers* ("IFRS 15") was issued to clarify the principles for recognizing revenue. IFRS 15 establishes principles to address the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. IFRS will be effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company is currently assessing the effect of this standard on the financial statements.

IFRS 16, *Leases* ("IFRS 16") introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. This standard is effective for annual periods beginning on or after January 1, 2019, and permits early adoption, provided IFRS 15, has been applied, or is applied at the same date as IFRS 16. The Company is in the process of determining the impact of IFRS 16 on its financial statements.

5. Investments

The Company's investment in Wallbridge Mining Company Ltd. ("Wallbridge") common shares and Carube Copper Corp. ("Carube"), common shares have been classified as available-for-sale and are recognized at fair value at September 30, 2017. Changes in fair value are recognized in loss and comprehensive loss due to permanent losses being recognized.

Investments are classified as available for sale and are comprised of the following:

	# Shares	Cost	Fair Value	Gain (Loss)
		\$	\$	\$
September 30, 2017				
Wallbridge Mining Company Limited	263,158	100,000	22,368	7,895
Carube Copper Corp.	4,385	-	329	22
	<u>267,543</u>	<u>100,000</u>	<u>22,697</u>	<u>7,917</u>
December 31, 2016				
Wallbridge Mining Company Limited	263,158	100,000	14,474	7,895
Carube Copper Corp.	4,385	-	307	88
	<u>267,543</u>	<u>100,000</u>	<u>14,781</u>	<u>7,983</u>

CHAMPION BEAR RESOURCES LTD.**Notes to the Condensed Interim Financial Statements****Nine months ended September 30, 2017 and 2016**(unaudited)

6. Property and equipment

	Computer equipment \$	Other equipment \$	Furniture \$	Mining equipment \$	Trailers \$	Fences \$	Total \$
Cost							
At January 1, 2016	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Additions (Disposals)	-	-	-	-	-	-	-
At December 31, 2016	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Additions (Disposals)	-	-	-	-	-	-	-
At September 30, 2017	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Accumulated Amortization							
At January 1, 2016	7,781	34,331	15,479	160,797	130,302	15,574	364,264
Charge for the period	124	117	246	1,742	2,847	1,179	6,255
At December 31, 2016	7,905	34,448	15,725	162,539	133,149	16,753	370,519
Charge for the period	52	70	148	1,045	1,495	796	3,606
At September 30, 2017	7,957	34,518	15,873	163,584	134,644	17,549	374,125
Net book value							
At January 1, 2016	283	582	1,233	8,711	9,490	11,794	32,093
At December 31, 2016	159	465	987	6,969	6,643	10,615	25,838
At September 30, 2017	107	395	839	5,924	5,148	9,819	22,232

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7. Exploration and Evaluation Assets

	Plomp Farm	Eagle Rock	Parkin	Total
	\$	\$	\$	\$
Balance January 1, 2016	-	3,519,698	2,146,163	5,665,861
Additions	1,300	1,282	-	2,582
	1,300	3,520,980	2,146,163	5,668,443
Balance December 31, 2016	1,300	3,520,980	2,146,163	5,668,443
Additions	150,291	146,664	-	296,955
Balance September 30, 2017	151,591	3,667,644	2,146,163	5,965,398

The Company's exploration and evaluation asset interests are located as follows:

(a) Plomp Farm

The Plomp Farm Gold Property is located 25 kilometres west of Dryden, Ontario and consists of two main claim blocks.

(b) Eagle Rock

The Eagle Rock Property is located 65 kilometres south of Dryden, Ontario.

(c) Parkin Joint Venture

The Parkin Project is located 5 kilometres northeast of the Sudbury Basin and covers a significant portion of the Parkin Offset Dike. The Company holds a 50% interest in the property and has a carried interest to production.

At December 31, 2015, the Company determined there was an indication of impairment related to its E&E assets due to the combined effects of the Company's market capitalization compared to its net asset value, the significant uncertainty caused by the Company's ability to secure adequate financing as well as a delay in E&E activity in the Plomp Farm asset.

The Company performed an impairment assessment as at December 31, 2015. The recoverable amount was determined using fair value less costs to sell. There was no salvage value attributed to the assets due to the uncertainty of the ability to dispose of the related equipment and asset. The Company determined that exploration and evaluation assets with a carrying amount of \$3,350,545 were no longer recoverable and written down to nil; an impairment loss of \$3,350,545 was recognized which specifically relates to the Plomp Farm asset. The Company determined that there were no indicators of impairment as at December 31, 2016.

(d) Other Mineral Interests

The Company's Separation Rapids tantalum property is located 55 km north of Kenora, northwest Ontario. The property consists of 17 mining claims in 2 blocks owned 100%.

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7. Exploration and Evaluation Assets *(continued)*

The Company's exploration and evaluation asset interests are located as follows: *(continued)*

Disclosure of sensitivities of the recoverable amount to changes in management estimates are not meaningful given the methodology described above in determining the fair value less costs, however the Company's ability to secure adequate financing for the development of the assets on economic terms, could result in a material difference from the current estimate of the recoverable amount.

8. Share capital

a) Authorized

Unlimited number of voting common shares, without nominal or par value
Unlimited number of first and second preferred shares, issuable in a series

b) Common shares issued

	Number	Amount
Balance – December 31, 2015	41,466,325	\$ 24,687,861
Private placement of common shares i)	5,000,000	500,000
Share issue costs	-	(18,631)
Balance – December 31, 2016	46,466,325	\$ 25,169,230
Balance – September 30, 2017	46,466,325	\$ 25,169,230

i) In December 2016, the Company completed a private placement of 5,000,000 common shares at a price of \$0.10 per share for total proceeds of \$500,000. Certain directors of the Company, directly or indirectly, purchased an aggregate of 2,250,000 common shares pursuant to the private placement.

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8. Share capital (continued)

c) Share purchase option compensation plan

The Company has a stock option plan, administered by the Board of Directors, pursuant to which up to 6,291,742 common shares of the Company are reserved for issuance. Under the plan, the options vest over an eighteen month period and expire on the earlier of up to five years from date of grant or up to 90 days from the date from which the optionee ceases to be a director, officer, employee or consultant of the Company.

A continuity of stock options is presented in the following table:

	September 30, 2017		December 31, 2016	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Opening	3,839,929	\$ 0.09	4,145,929	\$ 0.12
Granted	806,700	0.17	671,094	0.08
Forfeited	-	-	(306,000)	0.15
Expired	-	-	(671,094)	0.26
Closing	4,646,629	\$ 0.10	3,839,929	\$ 0.09

The following summarizes information about stock options outstanding and exercisable as at September 30, 2017:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (years)	Number Exercisable	Weighted-Average Exercise Price
\$ 0.12	730,000	0.2	730,000	\$ 0.12
0.05	548,000	1.3	548,000	0.05
0.16	254,835	1.8	254,835	0.16
0.05	1,033,000	0.9	1,033,000	0.05
0.13	603,000	2.4	603,000	0.13
0.06	270,000	3.3	270,000	0.06
0.10	401,094	4.0	267,396	0.10
0.17	806,700	4.3	268,900	0.17
\$ 0.10	4,646,629	2.1	3,975,131	\$ 0.10

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8. Share capital *(continued)*

c) Share purchase option compensation plan *(continued)*

In January, 2017, the Company granted 806,700 stock options at an exercise price of \$0.17 to the President and Chairman of the Company, the Chief Financial Officer and one of the Company's directors. The options vest as to one-third thereof on each of the six, twelve and eighteen month anniversaries of the date of the grant. The fair value of the stock options granted was estimated to be approximately \$0.1332 per option.

During the three months and nine months ended September 30, 2017, the Company recognized \$20,012 and \$91,832 of share-based compensation expense for options granted (2016 - \$3,748 and \$19,209). Each vesting installment is accounted for as a separate arrangement with the related share-based compensation expensed in a graded vesting method.

The Company used the Black-Scholes option pricing model to estimate the fair value of the options at the grant date using the following weighted average assumptions:

	2017	2016
Risk-free interest rate	1.07%	0.72%
Dividend yield	Nil	Nil
Expected volatility	115.9%	115.9%
Forfeiture rate	6.59%	12.87%
Expected option life	5.0 years	5.0 years

9. Related party transactions

The Company had the following related party transactions in the normal course of operations at the amount determined and agreed to by the related parties and also considered to be the fair value. There are no repayment terms for the following related party transactions:

- (1) Tomahawk Oil and Gas Limited, a private corporation controlled by Richard Kantor, the Company's Chairman and President
- (2) Richard Kantor, the Company's Chairman and President
- (3) Glen Oaks Accounting, a private corporation controlled by Audrey Och, the Company's Chief Financial Officer

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9. Related party transactions *(continued)*

- (a) During the three and nine months ended September 30, 2017, consulting fees of \$75,000 and \$225,000 (2016 - \$48,000 and \$144,000), were billed by a corporation controlled by the Company's Chairman and President. In addition, office rent of \$9,000 and \$27,000 (2016 - \$6,000 and \$18,000) was paid to the Company's Chairman and President during the same period. Included in related party payables to Tomahawk Oil & Gas Ltd. as at September 30, 2017 is \$922,041 (December 31, 2016 - \$823,072) and to Richard Kantor as at September 30, 2017 is \$109,650 (December 31, 2016 - \$81,300) in respect of these amounts. These related party payables are due on demand.
- (b) During the three and nine months ended September 30, 2017, accounting fees of \$25,000 and \$75,000 (2016 - \$13,500 and \$40,500) were billed by the Chief Financial Officer of the Company. Included in related party payables as at September 30, 2017 is USD \$409,570 or \$511,143 (2016 - \$384,525), which includes a total of \$101,573 in foreign exchange fees of which \$12,913 and \$11,542 were recovered (2016 - \$5,414 expensed and \$13,547 recovered) is included in general and administrative expense in respect of these amounts. This related party payable is due on demand.
- (c) Included in related party payables as at September 30, 2017 is \$255,402, which are advances to the Company by Brad Butler, a director of the Company (December 31, 2016 - \$214,902). This related party payable is due on demand.
- (d) Included in related party payables as at September 30, 2017 is \$47,460, which is an advance to the Company by Frank Sutton, a shareholder of the Company (December 31, 2016 - \$47,460).
- (e) Included in related party payables as at September 30, 2017 is \$7,111, which are expenses incurred on behalf of the Company by Todd Dillabough, a director of the Company (December 31, 2016 - \$Nil).

The related party payables are non- interest bearing and there are no terms of repayment.

Key management personnel compensation: ⁽¹⁾

The remuneration of Directors, President, CEO and CFO was as follows:

	2017	2016
Consulting fees	\$ 250,000	\$ 184,500
Stock based compensation ⁽²⁾	91,832	19,209
	\$ 341,832	\$ 203,709

(1) Key management personnel included directors and officers.

(2) Represents the amortization of share based payments expense associated with the Company's share-based compensation plan granted to key management personnel.

10. Loss per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the nine months ended September 30, 2017 of 46,466,325, (2016 – 41,249,339). In computing diluted per share amounts, none of the Company's options were included as they are anti-dilutive.

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11. Commitments

Pursuant to both option agreements and assessment work commitments, the Company is required to incur certain annual expenditures to ensure the claims remain in good standing. These agreements require the Company to make exploration expenditures, commencing at various anniversary dates of the mining claims, if the claims have not been converted to a mineral lease or put into production. The Ontario Ministry of Northern Development and Mines allows holders of mining claims to bank historical expenditures made by the mining claim holders and apply these against the expenditure requirements mining claim, or contiguous mining claims, in future periods. Should the minimum expenditure requirements not be satisfied and there are no available banked expenditure credit, the holder of a mining claim may apply for a one year extension to meet the applicable expenditure requirements.

The Company has the following minimum requirements with respect to its exploration properties:

	Eagle Rock	Plomp Farm	Other Properties
	\$	\$	\$
2017	2,400	-	-
2018	114,000	-	-
2019	327,600	-	-
2020	327,600	16,000	5,600
2021	327,600	17,487	6,800

As at September 30, 2017, the Company has \$54,088, \$382,508 and \$106,820 of banked expenditure credits which can be used to offset future expenditure requirements against the Eagle Rock property, Plomp Farm property and other properties, respectively.

12. Financial instruments and financial risk management

The Company's financial instruments include cash and cash equivalents, accounts receivable, available-for-sale investments, accounts payable and accrued liabilities and due to related parties. The carrying values of these financial instruments approximate their fair values due to their relatively short periods to maturity, with the exception of the investment which is recorded at fair value at each period end date. The Company has exposure to credit risk, liquidity risk and market risk as a result of its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks and the Company's objectives, policies and processes for measuring and managing these risks. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has implemented and monitors compliance with risk management policies as set out herein.

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12. Financial instruments and financial risk management *(continued)*

a) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's accounts receivable relates to Goods and Services Tax input tax credits. Accordingly, the Company views credit risk on accounts receivable as minimal. The maximum exposure is the carrying value of cash and cash equivalents and accounts receivable.

The Company held cash and cash equivalents of \$14,591 at September 30, 2017, which represents its maximum exposure on these assets and is held with credit worthy financial institutions.

b) Liquidity risk

Liquidity risk is the risk that the Company will incur difficulties meeting its financial obligations as they are due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions without incurring unacceptable losses or risking harm to the Company's reputation.

The Company's ability to continue as a going concern is dependent on its ability to obtain additional financing to meet commitments and discharge its working capital deficiency. The requirements to raise funds for general operating activities and current commitments will necessitate raising capital or disposing of assets (Note 2).

As at September 30, 2017, the Company's financial liabilities were comprised of accounts payable and accrued liabilities which have a maturity of less than one year and amounts due to related parties, with no terms of repayment and due on demand (Note 9). The liquidity of the Company is subject to the forbearance of the related parties to which the accounts are due.

c) Market risk

Market risk consists of currency risk, commodity price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits, while maximizing returns. The Company is exposed to market risks based on fair value for investments classified as available for sale that are traded in active markets.

i) Currency risk

Foreign currency exchange rate risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in foreign exchange rates. Although the Company is considered to be in the development stage and has not yet developed commercial mineral interests, the underlying commodity price for minerals is impacted by changes in the exchange rate between the Canadian and United States dollars. The Company has amounts due to related parties denominated in US dollars and as such are exposed to foreign currency exchange risk related to those transactions.

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12. Financial instruments and financial risk management *(continued)*

ii) Commodity price risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for minerals are impacted by world economic events that dictate the levels of supply and demand as well as the relationship between the Canadian and United States dollars, as outlined above. As the Company has not yet developed commercial mineral interests, it is not exposed to commodity price risk at this time.

iii) Fair values

Financial assets and liabilities are grouped into three levels based on significant inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: fair value is based on unadjusted quoted prices in active markets for identical assets or liabilities as of the reporting date;

Level 2: fair value is based on 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

Level 3: fair value is based on inputs for the asset or liability that are not based on observable market data.

In accordance with the fair value hierarchy, the Company has classified its available-for-sale investments as level 1. The carrying amount of the investments at September 30, 2017 was \$22,697. The Company recognized a gain of \$3,750 and \$7,917 and a loss of \$2,763 and gain of \$10,746 for the three and nine months ended September 30, 2017 and 2016, respectively. The gain or loss was recognized in profit and loss.

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13. Supplemented cash flow information

Changes in non-cash working capital is comprised of:

	2017		2016	
Source (uses) of cash:				\$
Accounts receivable	\$	(4,650)		(2,379)
Prepays and deposits		50,000		-
Accounts payable and accrued liabilities		(37,718)		(31,335)
Unrealized foreign exchange loss		11,542		5,913
Related party payables		235,777		273,101
	\$	254,951	\$	245,300
Related to operating activities	\$	191,892	\$	(15,910)
Related to financing activities		40,682		262,362
Related to investing activities		22,377		(1,152)
	\$	254,951	\$	245,300

The Company identified a classification error in the Statement of Cash Flows for the year ended December 31, 2015 between net cash used in operating activities and net cash generated from financial activities. The changes in related party advances from Brad Butler and Frank Sutton included in related party payables for the year ended December 31, 2015 should have been adjusted for in determining net cash generated from financial activities. The unrealized foreign exchange loss included in non-cash working capital from operating activities should have been disclosed separately in the Statement of Cash Flows.

	As Reported Sept 30, 2016	Adjustment Sept 30, 2016	Recasted Sept 30, 2016
	\$	\$	\$
Unrealized foreign exchange loss	-	5,913	5,913
Changes in non-cash working capital (operating activities)	239,387	(255,297)	(15,910)
Net cash used in operating activities	1,126	(261,210)	(260,084)
Changes in non-cash working capital (financing activities)	-	262,362	262,362
Net cash generated from financing activities	-	262,362	262,362

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14. Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a flexible capital structure which will allow it to pursue the exploration of its mineral properties. Therefore, the Company monitors the level of risk incurred in its mineral property expenditures relative to its capital structure which is comprised of working capital and shareholders' equity.

The Company monitors its capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new equity if available on favorable terms, option its mineral properties for cash and/or expenditure commitments from optionees, enter into joint venture arrangements, or dispose of mineral properties.

The Company's investment policy is to hold excess cash in interest bearing bank accounts and highly liquid short-term interest bearing investments with maturities of one year or less which can be liquidated at any time without penalties.

The Company is not subject to externally imposed capital requirements. There has been no change in the Company's approach to capital management during the nine months ended September 30, 2017.