

CHAMPION BEAR RESOURCES LTD.

Condensed Interim Financial Statements

For the Nine Months ended September 30, 2018 and 2017

(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, 2018 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 indication 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, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 857,628	\$ 23,458
Accounts receivable	8,001	11,663
Prepays and deposits	-	6,192
	865,629	41,313
Property and equipment (note 6)	18,229	21,031
Exploration and evaluation assets (note 7)	6,022,953	6,000,019
	6,041,182	6,021,050
Total Assets	\$ 6,906,811	\$ 6,062,363
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 397,290	\$ 395,747
Related party payables (note 9)	2,147,500	1,951,099
	2,544,790	2,346,846
Share capital (note 8)	26,180,894	25,201,358
Equity reserve	4,145,822	3,990,942
Deficit	(25,964,695)	(25,476,783)
	4,362,021	3,715,517
Total Liabilities and Shareholders' Equity	\$ 6,906,811	\$ 6,062,363
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, 2018 and 2017****(unaudited)**

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Expenses				
General and administrative	\$ 35,962	\$ 51,097	\$ 123,907	\$ 165,024
Consulting fees <i>(note 9)</i>	22,000	75,000	119,000	225,000
Interest expense	61	25	186	62
Unrealized foreign exchange loss	(7,189)	(12,913)	31,414	(11,542)
Share-based compensation <i>(note 8)</i>	73,408	20,012	210,603	91,832
Depreciation <i>(note 6)</i>	934	1,202	2,802	3,606
	125,176	134,423	487,912	473,982
Other (loss) income				
(Loss) gain on investments <i>(note 5)</i>	-	3,750	-	7,917
Net loss and comprehensive loss for the period				
	\$ (125,176)	\$ (130,673)	\$ (487,912)	\$ (466,065)
Net loss per share				
— Basic and diluted <i>(note 10)</i>	\$ (0.003)	\$ (0.003)	\$ (0.010)	\$ (0.010)

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.
Condensed Interim Statements of Cash Flows
Nine months ended September 30, 2018 and 2017
(unaudited)

	Three months ended September 30		Nine months ended September 30	
	2018	2017	2018	2017
Operating activities				
Net loss for the period	\$ (125,176)	\$ (130,673)	\$ (487,912)	\$ (466,065)
Items not involving cash:				
Share-based compensation	73,408	20,012	210,603	91,832
Depreciation	934	1,202	2,802	3,606
Unrealized foreign exchange loss	(7,189)	(12,913)	31,414	(11,542)
(Gain) loss on available for sale investments	-	(3,750)	-	(7,917)
Changes in non-cash working capital (note 13)	48,113	(222,635)	177,478	191,892
Net cash used in operating activities	(9,910)	(348,757)	(65,615)	(198,194)
Financing activities				
Stock options exercised (note 9)	15,000	-	71,322	-
Prepaid share reserve (note 9)	852,491	-	852,491	-
Changes in non-cash working capital (note 13)	(150)	302,861	9,850	40,682
Net cash generated from financing activities	867,341	302,861	933,663	40,682
Investing activities				
Exploration and evaluation asset expenditures	(6,813)	(69,130)	(22,934)	(296,955)
Changes in non-cash working capital (note 13)	6,812	(36,907)	(10,944)	22,377
Net cash used in investing activities	(1)	(106,037)	(33,878)	(274,578)
Increase (decrease) in cash and cash equivalents	857,430	(151,933)	834,170	(432,090)
Cash and cash equivalents, beginning of period	198	166,524	23,458	446,681
Cash and cash equivalents, end of period	\$ 857,628	\$ 14,591	\$ 857,628	\$ 14,591

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.
Condensed Interim Statements of Changes in
Shareholders' Equity
Nine months ended September 30, 2018 and 2017
(unaudited)

	Number of Shares	Share Capital	Equity Reserve	Deficit	Total
Balance, January 1, 2017	46,466,325	\$ 25,169,230	3,886,465	(24,815,570)	\$ 4,240,125
Stock options exercised (<i>note 8</i>)		32,128	(14,728)		17,400
Share-based compensation (<i>note 8</i>)			119,205		119,205
Net loss for the year				(661,213)	(661,213)
Balance, December 31, 2017	46,466,325	\$ 25,201,358	3,990,942	(25,476,783)	\$ 3,715,517
Balance, January 1, 2018	46,466,325	\$ 25,201,358	3,990,942	(25,476,783)	\$ 3,715,517
Stock options exercised (<i>note 8</i>)	1,194,945	127,045	(55,723)		71,322
Prepaid share reserve (<i>note 9</i>)		852,491			852,491
Share-based compensation (<i>note 8</i>)			210,603		210,603
Net loss for the year				(487,912)	(487,912)
Balance, September 30, 2018	47,661,270	\$ 26,180,894	4,145,822	(25,964,695)	\$ 4,362,021

See accompanying notes to the financial statements

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(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 October 29, 2018, the Company's Board of Directors approved these financial statements.

2. Going concern

These financial statements have been prepared by management on a going concern basis, which assumes the Company will continue in operations for the foreseeable future and be able to realize its assets and discharge its liabilities in the normal course of business. The ability of the Company to continue operations is dependent upon the existence of economically recoverable reserves, successful development of the Company's mineral properties, continued receipt of financial support, completion of equity financings, and generating profitable operations in the future. It is not possible to predict whether economically recoverable reserves exist, the Company's financing efforts will be successful, or if the Company will attain a profitable level of operations.

As at September 30, 2018, the Company has incurred cumulative losses of \$25,964,695 (December 31, 2017 – \$25,476,783) and has a working capital deficiency of \$1,679,161 (December 31, 2017 – \$2,305,533). The above conditions may cast significant doubt regarding the Company's ability to continue as a going concern. Additional financing will be required for the Company to continue operations. Should the Company be unable to realize its assets and discharge its liabilities in the normal course of business, adjustments would be necessary in the carrying values of assets and liabilities.

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 its 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.

3. Statement of compliance

The Company prepares its financial statements in accordance with International Financial Reporting Standards ("IFRS").

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(unaudited)

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 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.

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(unaudited)

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.

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.

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(unaudited)

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.

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 qualifying 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”).

CHAMPION BEAR RESOURCES LTD.

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Financial instruments – recognition and measurement *(continued)*

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 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.

CHAMPION BEAR RESOURCES LTD.

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Impairment of non-financial assets *(continued)*

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.

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.

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

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Significant accounting judgements

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.

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:

- **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 unutilized 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.

CHAMPION BEAR RESOURCES LTD.

Notes to the Condensed Interim Financial Statements

Nine months ended September 30, 2018 and 2017

(unaudited)

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 was effective for annual periods beginning on January 1, 2018. The Company retrospectively adopted the standard on January 1, 2018. The adoption of IFRS 9 did not require any material adjustments to 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 December 31, 2016. In November 2017, 263,158 Wallbridge shares and 4,385 Carube shares were sold. The permanent gains and losses were recognized in loss and comprehensive loss.

CHAMPION BEAR RESOURCES LTD.
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(unaudited)

6. Property and equipment

	Computer equipment \$	Other equipment \$	Furniture \$	Mining equipment \$	Trailers \$	Fences \$	Total \$
Cost							
At January 1, 2017	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Additions (Disposals)	-	-	-	-	-	-	-
At December 31, 2017	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Additions (Disposals)	-	-	-	-	-	-	-
At September 30, 2018	8,064	34,913	16,712	169,508	139,792	27,368	396,357
Accumulated Amortization							
At January 1, 2017	7,905	34,448	15,725	162,539	133,149	16,753	370,519
Charge for the period	69	93	197	1,394	1,993	1,061	4,807
At December 31, 2017	7,974	34,541	15,922	163,933	135,142	17,814	375,326
Charge for the period	29	56	118	836	1,046	717	2,802
At September 30, 2018	8,003	34,597	16,040	164,769	136,188	18,531	378,128
Net book value							
At January 1, 2017	159	465	987	6,969	6,643	10,615	25,838
At December 31, 2017	90	372	790	5,575	4,650	9,554	21,031
At September 30, 2018	61	316	672	4,739	3,604	8,837	18,229

CHAMPION BEAR RESOURCES LTD.
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7. Exploration and Evaluation Assets

	Plomp Farm	Eagle Rock	Parkin	Total
	\$	\$	\$	\$
Balance January 1, 2017	1,300	3,520,980	2,146,163	5,668,443
Additions	185,068	146,508	-	331,576
Balance December 31, 2017	186,368	3,667,488	2,146,163	6,000,019
Additions	18,642	4,188	104	22,934
Balance September 30, 2018	205,010	3,671,676	2,146,267	6,022,953

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

(a) Plomp Farm

The Plomp Farm Gold Properties are an advanced-stage exploration project located 20 kilometres west of Dryden, Ontario and consists of approximately 4,000 acres in two main claim blocks, owned 100% as patented and unpatented claims.

(b) Eagle Rock

The Eagle Rock Property is an advanced-stage exploration project located 65 kilometres south of Dryden, Ontario and consists of 58 staked claims held 100% by the Company.

(c) Parkin Joint Venture

The Parkin Project is an advanced exploration project located 5 kilometres northeast of the Sudbury Basin with 2,018 acres of claims 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.

(d) Other Mineral Interests

The Company's Separation Rapids lithium property is located 55 km north of Kenora, northwest Ontario. The property consists of 17 mining claims in 2 blocks. The carrying value of this property at September 30, 2018 is \$ nil (December 31, 2017 - \$nil).

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.

CHAMPION BEAR RESOURCES LTD.
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Nine months ended September 30, 2018 and 2017
(unaudited)

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, 2016	46,466,325	\$ 25,169,230
Exercise of stock options (i)	-	17,400
Contributed surplus on exercise of stock options		14,728
Balance – December 31, 2017	46,466,325	25,201,358
Exercise of stock options (i)	145,000	-
Exercise of stock options (ii)	1,049,945	71,322
Prepaid share reserve (iii)	-	852,491
Contributed surplus on exercise of stock options		55,723
Balance – September 30, 2018	47,661,270	\$ 26,180,894

- i) In December 2017, key management personnel of the Company exercised 145,000 vested stock options at an average price of \$0.12 per share under the share purchase option compensation plan (see Note 9 c)), and the Company received full consideration thereof prior to year-end. In January 2018, 145,000 common shares were issued as a result of the exercise of vested options.
- ii) In February 2018, key management personnel of the Company exercised 749,945 vested stock options at an average price of \$0.09 per share under the share purchase option compensation plan (see Note 9 c)), and the Company received full consideration of \$56,322. In August 2018, key management personnel of the Company exercised 300,000 vested stock options at an average price of \$0.05 per share under the share purchase option compensation plan (see Note 9 c)), and the Company received full consideration of \$15,000. The Company issued 1,049,945 common shares as a result of the exercise of vested options.
- iii) In October 2018, the Company completed a non-brokered private placement of 4,582,056 common shares at a price of \$0.20 per share for total gross proceeds of \$916,411. Certain directors of the Company, directly or indirectly, purchased an aggregate of 1,000,000 common shares pursuant to the private placement. The Company received a total of \$852,491 in private placement funds prior to the close on October 5, 2018.

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8. Share capital

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, 2018		December 31, 2017	
	Number of Options	Weighted-Average Exercise Price	Number of Options	Weighted-Average Exercise Price
Opening	4,646,629	\$ 0.11	3,839,929	\$ 0.09
Granted	1,500,000	0.15	1,536,700	0.17
Exercised	(1,049,945)	0.07	(145,000)	0.12
Expired	(774,000)	0.05	(585,000)	0.12
Closing	4,322,684	\$ 0.15	4,646,629	\$ 0.11

The following summarizes information about stock options outstanding and exercisable as at September 30, 2018:

Exercise Price	Number Outstanding	Weighted-Average Remaining Contractual Life (years)		Number Exercisable	Weighted-Average Exercise Price
\$ 0.05	48,000	0.3	48,000	\$ 0.05	
0.16	169,890	0.8	169,890	0.16	
0.13	497,000	1.4	497,000	0.13	
0.06	170,000	2.3	170,000	0.06	
0.10	401,094	3.0	401,094	0.10	
0.17	806,700	3.3	806,700	0.17	
0.18	730,000	4.2	243,333	0.18	
0.15	1,500,000	4.5	-	0.15	
\$ 0.15	4,322,684	3.4	2,336,017	\$ 0.14	

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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 \$0.14 per option.

In December 2017, 145,000 stock options were exercised at an exercise price of \$0.12, 585,000 options expired at an exercise price of \$0.12 and the Company granted 730,000 stock options to the President and Chairman of the Company, the Chief Financial Officer and one of the Company's directors at an exercise price of \$0.18 per common share. The weighted average trading price at the time of exercise was \$0.16. 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 \$0.18 per option.

In February 2018, key management personnel of the Company exercised 749,945 vested stock options under the share purchase option compensation plan and the Company received full consideration of \$56,322. The Company issued 749,945 common shares as a result of the exercise of vested options. The weighted average trading price at the time of exercise was \$0.18.

In April 2018, the Company granted 1,500,000 stock options to the President and Chairman of the Company, the Chief Financial Officer, one of the Company's directors and consultants at an exercise price of \$0.15 per common share. 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 \$0.13 per option.

In August 2018, key management personnel of the Company exercised 300,000 vested stock options under the share purchase option compensation plan and the Company received full consideration of \$15,000. The Company issued 300,000 common shares as a result of the exercise of vested options. The weighted average trading price at the time of exercise was \$0.17.

During the three and nine months ended September 30, 2018, the Company recognized \$73,408 and \$210,603 share-based compensation expense for options granted (2017 - \$20,012 and \$91,832). 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:

	2018	2017
Risk-free interest rate	2.11%	1.76%
Dividend yield	Nil	Nil
Expected volatility	133.9%	133.9%
Forfeiture rate	6.59%	6.59%

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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 these related party transactions:

Related party

- (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

Related party transactions

- (a) During the three and nine months ended September 30, 2018, consulting fees of \$22,000 and \$119,000 (2017 - \$75,000 and \$225,000), were billed by Tomahawk Oil and Gas Limited controlled by the Company's Chairman and President. In addition, office rent of \$9,000 and \$27,000 (2017 - \$9,000 and \$27,000) was paid to the Company's Chairman and President during the same period. Included in related party payables as at September 30, 2018 is \$1,063,113 (December 31, 2017 - \$983,968) payable to the corporation controlled by Richard Kantor and \$147,450 to the Company's chairman and president (December 31, 2017 - \$119,100). These related party payables are due on demand.
- (b) During the three and nine months ended September 30, 2018, accounting fees of \$11,250 and \$47,500 (2017 - \$25,000 and \$75,000) were billed by the Chief Financial Officer of the Company. Included in related party payables as at September 30, 2018 is USD \$482,213 or \$624,225 (December 31, 2017 - \$434,570), which includes a total of \$142,012 in foreign exchange, an unrealized foreign exchange gain of \$7,189 and expense of \$31,414 was recognized for the three and nine months ended September 30, 2018 (December 31, 2017 - \$2,517 gain). This related party payable is due on demand.
- (c) Included in related party payables as at September 30, 2018 is \$265,252, which are advances to the Company by Brad Butler, a director of the Company (December 31, 2017 - \$255,402). This related party payable is due on demand.
- (d) Included in related party payables as at September 30, 2018 is \$47,460, which is an advance to the Company by Frank Sutton, a shareholder of the Company (December 31, 2017 - \$47,460).
- (e) Included in related party payables as at September 30, 2018 is \$7,111, which is expenses incurred on behalf of the Company by Todd Dillabough, a director of the Company (December 31, 2017 - \$7,111).

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9. Related party transactions (continued)

Effective April 1, 2018 Tomahawk Oil and Gas Limited consulting fees were reduced from CD \$300,000 per annum to CD \$88,000 per annum and Glen Oaks Accounting accounting fees were reduced from USD \$100,000 per annum to USD \$45,000.

The related party payables are unsecured non- interest bearing and they are due on demand.

Key management personnel compensation: (1)

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

	2018	2017
Consulting fees	\$ 119,000	\$ 225,000
Accounting fees	47,500	75,000
Stock based compensation (2)	210,603	91,832
	\$ 377,103	\$ 391,832

(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, 2018 of 47,223,700, (2017 – 46,466,325). In computing diluted per share amounts, none of the Company's options were included as they are anti-dilutive.

11. Commitments

Pursuant to 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.

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11. Commitments *(continued)*

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

	Eagle Rock	Plomp Farm	Other Properties
	\$	\$	\$
2018	2,400	-	-
2019	319,600	-	-
2020	325,600	16,000	5,600
2021	325,600	17,487	6,400
2022	325,600	27,087	6,800

As at September 30, 2018, 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 investments which are 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.

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 \$857,628 at September 30, 2018, which represents its maximum exposure on these assets and is held with credit worthy financial institutions.

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

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, 2018, 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.

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;

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iii) Fair values (*continued*)

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.

13. Supplemented cash flow information

Changes in non-cash working capital is comprised of:

	2018	2017
Source (uses) of cash:		
Accounts receivable	\$ 3,662	\$ (4,650)
Prepays and deposits	6,192	50,000
Accounts payable and accrued liabilities	1,543	(37,718)
Unrealized foreign exchange loss	(31,414)	11,542
Related party payables	196,401	235,777
	\$ 176,384	\$ 254,951
Related to operating activities	\$ 177,478	\$ 191,892
Related to financing activities	9,850	40,682
Related to investing activities	(10,944)	22,377
	\$ 176,384	\$ 254,951

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.

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14. Capital management *(continued)*

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 month period ended September 30, 2018.

15. Subsequent events

On October 5, 2018 the Company completed a non-brokered private placement of 4,582,056 common shares at a price of \$0.20 per share for total gross proceeds of \$916,411. Certain directors of the Company, directly or indirectly, purchased an aggregate of 1,000,000 common shares pursuant to the private placement. The Company received a total of \$852,491 in private placement funds prior to the close on October 5, 2018 (see note 8 c)).