

CHAMPION BEAR RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2020

The following Management's Discussion and Analysis ("MD&A") is intended to assist the reader to assess material changes in financial condition and results of operations of Champion Bear Resources Ltd. (the "Company" or "Champion Bear") as at December 31, 2020 and for the prior year 2019.

This MD&A should be read in conjunction with the audited financial statements for the year ended December 31, 2020. These financial statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

This MD&A was prepared using information that is current as of April 30, 2021. Additional information relating to the Company is available on SEDAR at www.sedar.com.

FORWARD-LOOKING STATEMENTS

Certain information set forth in this MD&A, including management's assessment of the Company's future plans and operations, contains forward-looking statements, which are based on the Company's current internal expectations, estimates, projections, assumptions and beliefs, which may prove to be incorrect. Some of the forward-looking statements may be identified by words such as "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "intend", "may", "objective", "ongoing", "outlook", "potential", "project", "plan", "should", "target", "would", "will" or similar words suggesting future outcomes, events or performance. These statements are not guarantees of future performance and undue reliance should not be placed on them. The forward-looking statements contained in this report speak only as of the date thereof and are expressly qualified by this cautionary statement.

Such forward-looking statements necessarily involve known and unknown risks and uncertainties, which may cause the Company's actual performance and financial results in future periods to differ materially from any projections of future performance or results expressed or implied by such forward-looking statements. The Company is a mineral exploration company and is exposed to a number of risks and uncertainties that are common to companies in the same business. These risks and uncertainties include, among other things, the speculative nature of mineral exploration and development activities, the Company's need for additional funding to continue its exploration efforts, operating hazards and risks incidental to mineral exploration, the Company's properties are in the exploration stage only and do not contain a known body of commercial ore, uncertainties associated with title to mineral properties, changes in general economic, market and business conditions; competition for, among other things, capital, acquisitions of mineral properties and skilled personnel; ability to obtain required mine licenses, mine permits and regulatory approvals required to proceed with mining operations; ability to comply with current and future environmental and other laws; actions by governmental or regulatory authorities including increasing taxes and changes in other regulations; and the occurrence of unexpected events involved in mineral exploration, development and production.

All amounts in this report are stated in Canadian dollars unless otherwise specified.

CHAMPION BEAR RESOURCES LTD.

COMPANY DESCRIPTION

The Company is a mineral exploration company focused exclusively on the historically prospective regions of the province of Ontario. The Company has assembled a large land position in the Dryden and Sudbury areas totaling almost 17,000 hectares. The Company's primary target is platinum group and precious metals and to a lesser extent, polymetallic base metal and pegmatite-hosted tantalum deposits. To date the Company has not generated revenue from mining operations. No economic deposits have been identified and the Company is considered to be in the exploration stage. 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.

ANNUAL FINANCIAL SUMMARY

For the three years ended December 31

	2020	2019	2018
			(restated)
Expenses	\$ 479,545	\$ 705,135	\$ 643,555
Other (income) loss	(130,689)	2,160,769	31,414
Net loss	348,856	2,865,904	674,969
Total comprehensive loss	348,856	2,865,904	674,969
Current assets	\$ 3,458	\$ 98,662	\$ 254,567
Property and equipment	13,460	16,254	17,818
Exploration and evaluation assets	4,824,930	4,788,706	6,521,059
Total assets	4,841,848	4,903,622	6,793,444
Current liabilities	\$ 2,826,884	\$ 3,163,795	\$ 2,554,460
Shareholders' equity	2,014,964	1,739,827	4,238,984
Total liabilities and shareholders' equity	4,841,848	4,903,622	6,793,444
Loss per share - basic and diluted	\$ 0.01	\$ 0.06	\$ 0.01

RESULTS OF OPERATIONS

Year ended December 31, 2020

During the year ended December 31, 2020, the Company incurred a net loss before income tax of \$348,856 as compared to a net loss before income taxes of \$2,865,904 for the comparative period in 2019.

During the year ended December 31, 2020, the Company recognized \$165,666 of share-based compensation expense as compared to \$336,747 for the comparative 2019 year.

CHAMPION BEAR RESOURCES LTD.

General and administrative expenses totaled \$15,782 and \$140,707 for the three months and full year ended December 31, 2020 as compared to \$52,426 and \$267,843 for the prior year 2019 periods as detailed in the following table:

General and Administrative expenses	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Office and administration	\$ 4,913	\$ 10,246	\$ 19,627	\$ 61,867
Travel	-	359	254	9,698
Transfer agent and regulatory fees	2,319	1,585	23,106	18,062
Professional fees	8,550	40,236	97,720	178,216
	\$ 15,782	\$ 52,426	\$ 140,707	\$ 267,843

Professional fees decreased for the three months and year ended December 31, 2020 as compared to the three months and year ended December 31, 2019 due to a decrease in legal fees related to general corporate matters.

Total stock-based compensation expense was lower in the year ended December 31, 2020 compared to the same period in 2019 mainly due to 2020 stock options granted during the year and partially offset by previous options expiring.

Stock-based compensation expense	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Related to:				
Options granted in 2017	\$ -	\$ -	\$ -	\$ 9,299
Options granted in 2018	-	1,702	-	27,225
Options granted in 2019	19,286	109,209	150,668	300,223
Options granted in 2020	7,792	-	14,998	-
	\$ 27,078	\$ 110,911	\$ 165,666	\$ 336,747

In June 2019, the Company granted 2,793,742 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 \$0.18 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 \$0.18 per option.

In July 2019, the Company granted 84,945 stock options to the President and one of the Company's directors at an exercise price of \$0.16 per common share. The options replace previously issued options which expired in July 2019. 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 \$0.16 per option.

CHAMPION BEAR RESOURCES LTD.

During the year ended December 31, 2020, the Company recognized \$165,666 of share-based compensation expense for options granted (2019 - \$336,747). Each vesting installment is accounted for as a separate arrangement with the related share-based compensation expensed in a graded vesting method.

On January 8, 2020, the Company's President exercised 170,000 options and 133,698 options to acquire common shares of the Company at prices of \$0.06 per share and \$0.10 per share, respectively.

On March 2, 2020, the Company made a payment of \$6,000 and issued 100,000 shares, relating to the agreement to purchase a 100% interest in the claims held by 1544230 Ontario Inc.. Further payments of \$12,000 on the first anniversary, \$16,000 on the second anniversary, and \$25,000 on the third anniversary are intended. There is a 1.5% NSR Option to buy back for \$1,000,000. When these terms are met, the Company will have earned a 100% in these claims.

On March 27, 2020, the Company granted options to acquire an aggregate of 588,698 common shares to the Company's President and a Director at an exercise price of \$0.12 per common share with an expiry date of March 27, 2025. The options vest as to one-third thereof on each of the six, twelve and eighteen month anniversaries of the date of the grant.

On April 22, 2020, the Company settled \$422,757 of debt by issuing 3,522,972 common shares at a deemed price of \$0.12 per common shares to eight creditors of the Company, including 2,206,232 common shares to related parties including Board members and the Company's Chief Financial Officer.

The total number of options outstanding as at December 31, 2020 and December 31, 2019 is 5,239,333 and 5,239,333. See subsequent events with respect to exercised and newly granted options (page 15).

LIQUIDITY AND CAPITAL RESOURCES

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 and if these commitments are not met the Company will lose their right to explore these mineral properties. Therefore, the Company's ability to continue as a going concern is dependent on its ability to obtain additional financing. 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, operations will be limited.

As at December 31, 2020, the Company has incurred cumulative losses of \$29,366,512 (December 31, 2019 – \$29,017,656) and its current liabilities exceeds its current assets by \$2,823,426 (December 31, 2019 – \$3,065,133). 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 a result of these factors, there is a material uncertainty that may result in significant doubt as to the ability of the Company to meet its obligations as they come due and continue as a going concern.

These matters raise significant doubt on the ability of the Company to continue to meet its obligations and continue as a going concern. Should the going concern assumption not be appropriate, certain asset and liability amounts would require adjustment and reclassification.

CHAMPION BEAR RESOURCES LTD.

Based on exploration and administrative expenditures budgeted for 2021 and current commitments, the Company anticipates that it will be required to undertake additional measures to fund operations during the year. There is a risk that obtaining additional financing at the current share prices will have a dilutive effect on its current shareholders.

CAPITAL SPENDING

During the three months and year ended December 31, 2020 the Company incurred the following drilling expenditures on its mineral properties as compared to the same 2019 periods:

	Three months ended December 31		Year ended December 31	
	2020	2019	2020	2019
Plomp Farm	\$ 3,620	\$ 2,914	\$ 3,620	\$ 24,125
Eagle Rock	-	2,403	32,604	400,516
Parkin	-	-	-	1,703
	\$ 3,620	\$ 5,317	\$ 36,224	\$ 426,344

CHAMPION BEAR RESOURCES LTD.

COMMITMENTS AND CONTRACTUAL OBLIGATIONS

Exploration expenditures

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 approval of which is subject to the Ontario Ministry of Northern Development and Mines. The Company has the following minimum requirements with respect to its exploration properties:

	Eagle Rock	Plomp Farm
2021	147,600	4,200
2022	147,600	15,000
2023	157,200	21,600
2024	157,200	21,600
2025	157,200	21,600

In 2020, the Company applied for and received the benefit of the Ontario Ministry of Mines and Northern Development COVID-19 exemption from work requirements on the Eagle Rock property.

As at December 31, 2020, the Company has \$832,128, \$779,129 and \$262,451 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.

SHARE CAPITAL

Common shares

As at December 31, 2020 and December 31, 2019 the Company had 56,319,996 and 52,393,326 common shares outstanding.

RELATED PARTY TRANSACTIONS

The Company had the following related party transactions in the normal course of operations and measured at the exchange amount, which is the amount determined and agreed to by the related parties. There are no repayment terms for these related party transactions:

CHAMPION BEAR RESOURCES LTD.

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.

- a) During the year ended December 31, 2020, consulting fees of \$88,000 (2019 - \$88,000), were billed by Tomahawk Oil and Gas Limited ("Tomahawk"), a private corporation controlled by the Company's Chairman and President. In addition, office rent of \$36,000 (2019 - \$36,000) was incurred and payable to the Company's Chairman and President during the same period. Included in due to related parties as at December 31, 2020 is \$1,239,478 (December 31, 2019 - \$1,147,078) payable to Tomahawk and \$106,304 to the Company's Chairman and President (December 31, 2019 - \$226,121). In October 2020, these amounts will be deferred until such time as the 30-day volume weighted average trading price of the Company's common shares is at least \$2.00 per share, and with the discretion of the board of directors and upon the board being satisfied that such payment would not impair the working capital of the Company. Any repayment of this debt in shares is also at the discretion of the board of directors.
- b) Included in due to related parties as at December 31, 2020 is a disputed claim for USD \$482,213 or \$626,297 (December 31, 2019 - \$626,297) owing to Glen Oaks Accounting, a private corporation controlled by the Company's former Chief Financial Officer, which includes an unrealized foreign exchange loss of \$nil recognized for the year ended December 31, 2020 (2019 - \$2,072).
- c) Included in due to related parties as at December 31, 2020 is a disputed claim for \$265,252, for past advances to the Company by Brad Butler, a director of the Company (December 31, 2019 - \$265,252).
- d) Included in due to related parties as at December 31, 2020 is \$12,500, which is an advance to the Company by David Haigh, a director and shareholder of the Company.
- e) Included in due to related parties as at December 31, 2020 is \$31,250, which is an advance to the Company by Frank Sutton, a shareholder of the Company (December 31, 2019 - \$65,460). Shares were issued for the prior year debt in April 22, 2020.
- f) Included in due to related parties as at December 31, 2020 is \$7,111, which is expenses incurred on behalf of the Company by Todd Dillabough, a former director of the Company (December 31, 2019 - \$7,111).
- g) During the year ended December 31, 2020, accounting fees of \$48,840 (2019 - \$90,895), were billed by SixWest inc., a private corporation controlled by the Company's Chief Financial Officer. Included in due to related parties as at December 31, 2020 is \$80,079 (December 31, 2019 - \$70,797) payable to SixWest inc. Shares were issued for a portion of the prior year debt in April 22, 2020.
- h) During the year ended December 31, 2020, consulting fees of \$7,110 (2019 - \$23,252), were billed by Jessica Borysenko, a member of the Board. Included in due to related parties as at December 31, 2020 is \$nil (December 31, 2019 - \$9,492) payable to Jessica Borysenko. Shares were issued for the prior year debt in April 22, 2020. Jessica Borysenko resigned as a Director on June 6, 2020.
- i) During the year ended December 31, 2020, reimbursable expenses of \$3,620 (2019 - \$10,229), were billed by Fred Plomp, a member of the Board. Included in due to related parties as at December 31, 2020 is \$3,620 (December 31, 2019 - \$8,019) payable to Fred Plomp. Shares were issued for the prior year debt in April 22, 2020.

The amounts due to related parties are unsecured non-interest bearing and due on demand, except as otherwise disclosed.

CHAMPION BEAR RESOURCES LTD.

Key management personnel compensation: ⁽¹⁾

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

	2020		2019	
Consulting fees	\$	88,000	\$	88,000
Accounting fees	\$	48,840	\$	90,895
Stock-based compensation ⁽²⁾	\$	192,743	\$	336,747
	\$	329,583	\$	515,642

(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.

SELECTED QUARTERLY FINANCIAL INFORMATION

	2020			
	Dec 31	Sept 30	June 30	March 31
Net loss for the period (\$)	\$ 25,241	\$ 153,656	\$ 86,948	\$ 83,011
Net loss per share				
-- basic and diluted (\$)	0	0	0	0
Mineral property expenditures, net (\$)	3,620	10,104	4,900	17,600

	2019			
	Dec 31	Sept 30	June 30	March 31
Net loss for the period (\$)	2,565,037	62,604	170,529	67,734
Net loss per share				
-- basic and diluted (\$)	0	0	0	0
Mineral property expenditures, net (\$)	5,318	15,526	30,998	374,502

OUTLOOK

The Company's financial success is subject to, among other things, the availability of capital resources, the sources of which are not predictable. The Company's main source of funds since incorporation has been from the issuance of equity capital and divestiture of mining interests. The Company's ability to obtain financing to explore for mineral deposits on its properties is not assured; nor is there assurance that the expenditure of funds will result in the discovery of an economic mineral deposit. The Company is actively pursuing additional equity financing in order to discharge its current liabilities and meet its commitments.

CHAMPION BEAR RESOURCES LTD.

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.

In the second half of 2018, the Company raised \$916,411 through issuance of shares for the purpose of pursuing its exploration programs on Plomp Farm and Eagle Rock. The private placement was completed on October 5, 2018.

In the last quarter of 2018, the Company drilled an additional eight holes at a cost of approximately \$400,000, primarily on the western claim block, comprising approximately 2,900 acres. As a result, the Company has now drilled 133 holes.

In January, 2019, the Company released its drilling results from the Plomp Farm West Gold project and the report is listed on the Company's website.

The Company anticipates raising further capital in an amount of approximately \$1,574,000 in 2021 and 2022 for the purpose of further pursuing exploration targets on Plomp Farm.

Eagle Rock

The Eagle Rock Property is an advanced-stage copper-PEG exploration project located 65 kilometres south of Dryden, Ontario and consists of approximately 30,000 acres with 58 staked claims held 100% by the Company. The Property overlies the Entwine Intrusion Complex which hosts the Campbell Zone Cu-Au-Pt-Pd occurrence as well as several other known sulphide occurrences.

In October 2011, a Technical Report was completed by Tetra Tech Wardrop on the Eagle Rock Property and recommend a two-phase \$2.0 million program designed to delineate the Campbell Zone mineralization as well as explore the new mineralized zones identified during the 2011 prospecting campaign. In June and July 2011, the Company summer field program resulted in the identification of two new sulphide zones believed to represent the extension of the Campbell Zone:

- 1) The new West Zone returned values of up to 0.95g/t Pt+Pd+Au and 0.46% Cu+Ni that define a broad zone of surface sulphide mineralization that extends over a strike of more than 300 metres; and
- 2) The new East Lake occurrence returned up to 0.73 g/t Pt+Pd+Au and 0.29% Cu+Ni, and 0.44 g/t Pt+Pd+Au and 0.26% Cu+Ni.

In 2017, the Company re-staked a number of mineral claims to maintain the significant contiguous 100% owned, Cu-PGE Eagle Rock Property located in NW Ontario, Canada.

As a result of capital funding raised through private placement, as noted earlier under Plomp Farm, the Company committed in the last quarter of 2018 to further drilling on Eagle Rock in a budget amount of approximately \$450,000. The drilling program was designed to collect data predominantly in the top 150 metres of the surface to fill historical data gaps near surface and complement existing data from 99 drill holes that range as deep as 426 metres. Due to winter conditions, commencement of drilling was deferred until the beginning of 2019.

In September 2019, the Company entered into an agreement to purchase a 100% interest in the claims held by 1544230 Ontario Inc. An initial non-refundable payment of \$1,000 was made upon signing this agreement. In March 2020, the Company made a payment of \$6,000 and issued 100,000 shares. Further

CHAMPION BEAR RESOURCES LTD.

payments of \$12,000 on the first anniversary, \$16,000 on the second anniversary, and \$25,000 on the third anniversary will be made. There is a 1.5% NSR Option to buy back for \$1,000,000. When these terms are met, the Company will have earned a 100% in these claims.

The Company anticipates raising further capital funding in the amount of approximately \$3,256,000 in 2021 and 2022 in order to further develop and deepen the data recovered from drilling in January and February 2019.

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 currently holds a 50% interest in the property and has a carried interest in any potential future production through a joint venture funded originally by Lonmin PLC ("Lonmin") with Wallbridge Mining Company ("Wallbridge") as operator.

Wallbridge was required to complete exploration expenditures in excess of \$2,000,000 to earn a 50% interest in the property by August 19, 2011 in order to earn a 50% interest in the property. That occurred, as required, after which Wallbridge exercised its option. That, in turn, triggered the remaining provisions of the Option and Joint Venture Agreement (made as of October 10, 2005) ("The Joint Venture Agreement").

As noted, under the Joint Venture Agreement, Champion Bear is carried with respect to on-going exploration and development expenditures and all costs of maintaining the property in good standing and amounts paid on behalf of Champion Bear are repayable only from eventual production proceeds, if any.

Champion Bear's initial costs of acquisition included granting of a net smelter return and a fee of \$15,000 per year. These obligations were assumed by Wallbridge under the Joint Venture Agreement.

For the last year in which it directly operated the property, Champion Bear incurred exploration costs for 2011 in the amount of \$315,483. Thereafter, Wallbridge became responsible for all such costs and including on-going costs of exploration and maintenance of the lease in good standing. This agreement is posted on Sedar.

The expected timeline for the production of a mine to commence: This expectation is dependent on capital availability and eventual success in on-going exploration.

The percentage of costs expected to be repaid by the Issuer when production of a mine commences. In the event of a commercial mining operation, Champion Bear anticipates receiving its proportional share of revenues pursuant to the Joint Venture Agreement with Wallbridge, dated October 10, 2005. As noted above, Champion Bear currently holds a 50% interest in the property.

There have not been any recoverable reserves located and valued in the Parkin properties to date along with minimal or no expectations from the operator to allocate further funds for future drilling and development, therefore in 2020 it was estimated that the recoverable amount in this asset is \$ nil and therefore an impairment loss of \$2,158,697 was recorded and the current carrying amount has been recorded as \$ nil.

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 December 31, 2020 is \$nil (2019 - \$nil).

CHAMPION BEAR RESOURCES LTD.

FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's financial instruments include cash and cash equivalents, accounts receivable, 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. 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 \$3,458 at December 31, 2020, 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 liabilities. The requirements to raise funds for general operating activities and current commitments will necessitate raising capital or disposing of assets (FS Note 2).

As at December 31, 2020, 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 (FS 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.

CHAMPION BEAR RESOURCES LTD.

d) 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.

e) 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.

f) Fair values

Financial assets and liabilities that are carried at fair value 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.

The Company has no financial instruments measured at fair value as at December 31, 2020 and 2019.

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 year ended December 31, 2020.

CHAMPION BEAR RESOURCES LTD.

OPERATIONAL AND BUSINESS RISKS

As a junior exploration mining company the Company's ability to raise the necessary equity proceeds for future exploration depends to a large degree on commodity price trends, general investor sentiment for companies in the junior mining exploration sector and the Company's ability to confirm the existence of sought after minerals in sufficient quantities and quality on its exploration lands. Management of the Company is of the view that the risks faced by the Company are no greater than the risks encountered by its peers.

The junior mineral exploration sector, along with the major producers and other industrial and financial sectors, has seen share prices decline significantly since the fall of 2016. Continued low market capitalization and lack of market liquidity, together with a less than receptive equity market for junior mining shares in the current market environment, could have a significant negative impact upon the Company's ability to finance ongoing exploration activities. In addition, if equity financing is obtained at current share prices, the current shareholders interests will be diluted.

The ability of the Company to continue as a going concern and the recoverability of amounts shown for mineral properties is dependent upon the existence of economically recoverable mineral reserves, the ability of the Company to obtain necessary financing to complete their development and upon achieving future profitable operations.

Leases

IAS 1 "Presentation of Financial Statements" ("IAS 1")

In January 2020, the IASB issued amendments to IAS 1, which clarify the criteria used to determine whether liabilities are classified as current or non-current. These amendments clarify that current or non-current classification is based on whether an entity has a right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. The amendments also clarify that 'settlement' includes the transfer of cash, goods, services, or equity instruments unless the obligation to transfer equity instruments arises from a conversion feature classified as an equity instrument separately from the liability component of a compound financial instrument.

The amendments were originally effective for annual reporting periods beginning on or after January 1, 2022. However, in July 2020, the effective date was deferred to annual reporting periods beginning on or after January 1, 2023. The Company is currently assessing the impact of these new accounting standards and amendments. The Company does not believe that the amendments to IAS 1 will have a significant impact.

The following is the Company's accounting policy for financial instruments under IAS 1:

Leases

At inception of a contract, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Leases of right-of-use assets are recognized at the lease commencement date at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, and otherwise at the Company's incremental borrowing rate. At the commencement date, a right-of-use asset is measured at cost, which is comprised of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any decommissioning and restoration costs, less any lease incentives received.

CHAMPION BEAR RESOURCES LTD.

Each lease payment is allocated between repayment of the lease principal and interest. Interest on the lease liability in each period during the lease term is allocated to produce a constant periodic rate of interest on the remaining balance of the lease liability. Except where the costs are included in the carrying amount of another asset, the Company recognizes in profit or loss (a) the interest on a lease liability and (b) variable lease payments not included in the measurement of a lease liability in the period in which the event or condition that triggers those payments occurs. The Company subsequently measures a right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses; and adjusted for any remeasurement of the lease liability. Right-of-use assets are depreciated over the shorter of the asset's useful life and the lease term, except where the lease contains a bargain purchase option a right-of-use asset is depreciated over the asset's useful life.

As at December 31, 2020 it was concluded that Champion Bear currently does not have any lease arrangements.

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 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 the fair value of the Company's stock 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 earnings in future periods in order to utilize recognized deferred tax assets.

CHAMPION BEAR RESOURCES LTD.

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.

DISCLOSURE CONTROLS and PROCEDURES

The Company's certifying officers file Venture Issuer Basic Certificates with respect to the financial information contained in the unaudited interim financial statements and the audited annual financial statements and respective accompanying Management's Discussion and Analysis. The Venture Issuer Basic Certification includes a 'Notice to Reader' stating that the certifying officers do not make any representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings.

SUBSEQUENT EVENTS

On January 13, 2021, the Company's President exercised 170,000 options to acquire common shares of the Company at a price of \$0.06 per share.

On January 19, 2021, a director of the Company exercised 100,000 options to acquire common shares of the Company at a price of \$0.06 per share.

On February 23, 2021, the Company granted options to acquire an aggregate of 300,000 common shares to directors of the Company at an exercise price of \$0.20 per share.