

Fundamental

Research Corp.

Investment Analysis for Intelligent Investors

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Champion Bear Resources Ltd. (TSXV: CBA) – Initiating Coverage – PGE/Base Metal Exploration in Historically Prospective Mining Regions

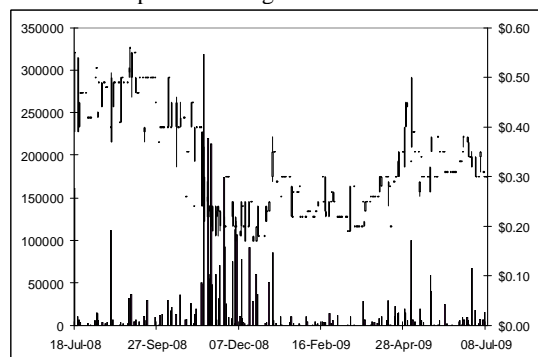
Sector/Industry: Junior Exploration/Mining

www.championbear.com

Market Data (as of July 17, 2009)

Current Price	\$0.38
Fair Value	\$0.66
Rating*	BUY
Risk*	5 (Highly Spec)
52 Week Range	\$0.165 - \$0.560
Shares O/S	33.56 mm
Market Cap	\$12.75 mm
Current Yield	N/A
P/E (forward)	N/A
P/B	1.18
YoY Return	-30.9 %
YTD TSXV	-52.0%

*see back of report for rating and risk definitions



Key Financial Data (FYE - Dec 31)

(C \$)	2007	2008	2009 (3 mo)
Cash	93,622	60,529	96,766
Working Capital	(783,229)	(161,266)	(204,720)
Mineral Assets	10,667,342	12,185,383	12,561,061
Total Assets	10,879,716	12,510,832	12,866,174
Net Income	(443,818)	(744,974)	(132,024)
EPS	(0.02)	(0.03)	(0.00)

Champion Bear Resources Ltd. is a junior exploration company holding several properties in the Sudbury and Dryden mining regions of Ontario. The company's current focus is on their PGM, gold and base metal properties, Eagle Rock and Parkin. The Parkin property overlies 7 km of the Parkin offset dyke, and is currently being drilled by JV partners Wallbridge Mining Company and Impala Platinum Holdings Ltd.

Investment Highlights

- Champion Bear Resources Ltd. (“Champion Bear”, “CBA”, “the company”) is a Calgary, Alberta based exploration company focused exclusively on historically prospective regions of the province of Ontario.
- The company is currently focused on exploring for PGM’s, gold and polymetallic base metal deposits on the Parkin property near Sudbury, Ontario, and the Eagle Rock property near Dryden, Ontario.
- Joint Venture partners Wallbridge Mining Company Ltd. (TSX: WM) and Impala Platinum Limited (JSE: IMP) have committed to spending \$0.60 million in exploration on the company’s Parkin property.
- In May 2009, the company completed a private placement of 2 million common shares at a price of \$0.25 per share for gross proceeds of \$0.50 million. The company currently has about \$0.08 million in cash.

Risks

- The company does not have any operating mines. Current projects do not have resource estimates.
- The success of drilling, project development and resource expansion are important long-term success factors for these early projects.
- Share dilution and access to capital.

**Company
Overview**

Champion Bear Resources Ltd is a mineral exploration company with concentrated efforts around the city of Dryden and in the Sudbury mining district. The company has amassed approximately 24,000 hectares of land holdings proximal to these areas. The current focus is on two PGM-Cu-Ni projects, the joint ventured Parkin property, and 100% owned Eagle Rock property. We believe, the Parkin property offers a high chance of success given the quality of both the current target and joint venture partners. Eagle Rock hosts the extensive Campbell Zone, and offers exploration on three levels – advanced-stage deposit characterization, property level greenfields exploration and regional exploration on newly acquired and previously unexplored land.

**PROPERTIES:
Eagle Rock**

Dryden and Surrounding Area: Located on Highway 17 and within the Kenora Mining Division, the area has a history of exploration and mining dating back to the 1880's. Numerous deposits and occurrences of gold, nickel and copper have been discovered. Today the area remains active with several exploration companies drilling and continuing to advance their gold, precious and base metal projects.

Property Overview: The Eagle Rock property, located 80 km south of Dryden, plays host to Platinum Group Elements, gold and base metals - nickel and copper. The target of interest, the Campbell mineralization, is exposed for one kilometer at surface and is defined by fine disseminated sulphides which are not untypical of PGM deposits. Drilling has continued to demonstrate consistent grade and thickness along strike and at depth. 5,712 meters of a total 10,000 meter program have been completed in two rounds of drilling. In April 2009, the company staked an additional 8,000 hectares of land covering the Entwine intrusive complex bringing the total land area to 16,000 hectares.

Ownership: The Eagle Rock property is wholly owned by Champion Bear.

Historic Exploration/Production: The Entwine intrusion was first recognized in 1965 by a government regional airborne magnetics survey. Initial exploration discovered several copper showings including the Campbell Zone, but it was not until 1988 that drilling tested for platinum, palladium and gold. Subsequent drilling outlined a mineralized zone approximately 1,000 meters long ranging from 3 to 32 meters in width averaging 17 meters. Mineralization grades ranged from 0.2 to 0.8% Cu, 0.02 to 0.15% Ni, 0.1 to 0.4 g Au/t, 0.1 to 0.5 g Pt/t and 0.2 to 0.8 g Pd/t (0.1 to 1.7 g/t combined Pt, Pd, Au).

Champion Bear Exploration: In 2007 the company completed an initial 927 meters of exploratory drilling with positive results, and to date, has completed 5,712 meters of drilling in total.

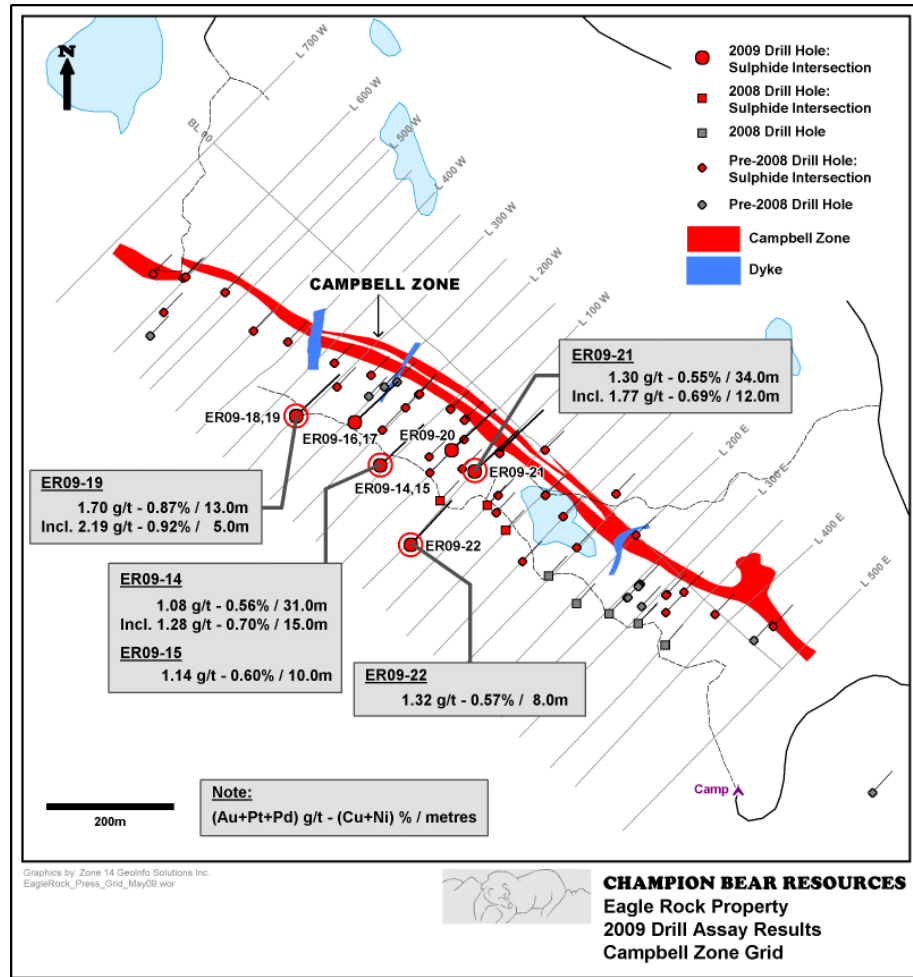


Figure 1: Champion Bear 2009 Assay result and drill grid. (Source: Champion Bear Resources Ltd.)

Highlight results from the 5,712 meters of drilling completed thus far include:

Table 1: Highlights from drilling at Eagle Rock

Hole	Interval (m)	Au+Pt+Pd (g/t)	Cu+Ni (%)
ER09-14	15	1.28	0.7
ER09-19	13	1.7	0.87
Including	5	2.19	0.92
ER09-21	34	1.3	0.55
Including	12	1.77	0.69

(Source: Champion Bear Resources Ltd.)

The current drill results indicate mineralization with both continuity and grade consistency over a strike length of 1,000 meters and to a depth of 200 meters.

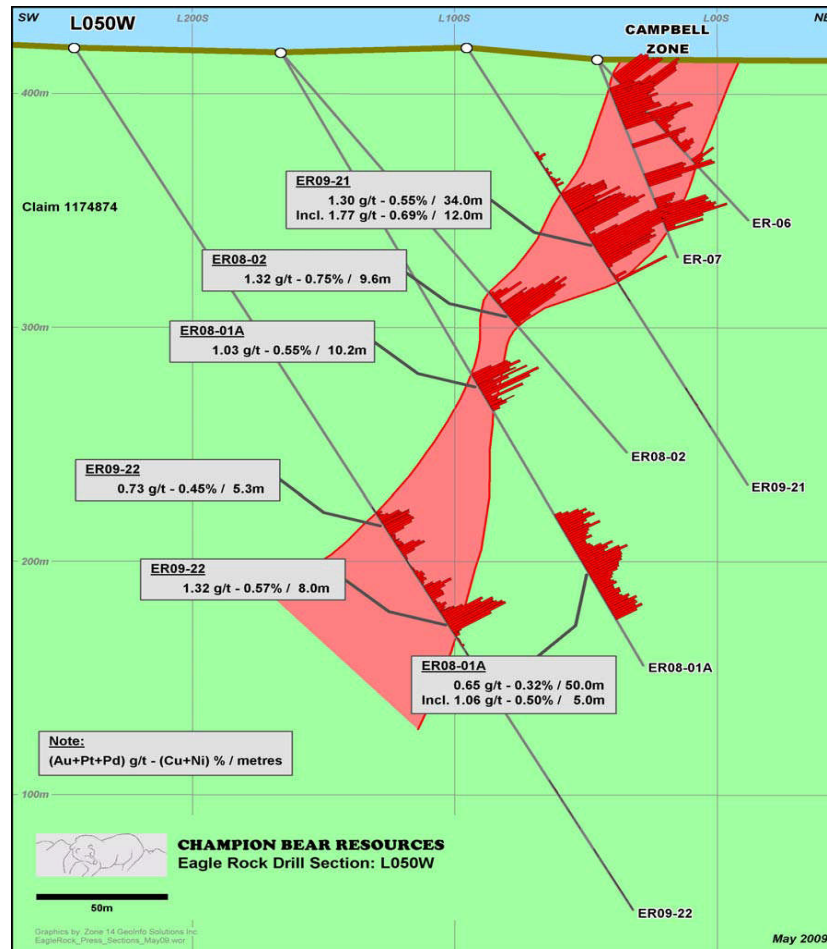


Figure 2: Cross section at L050W of Campbell Zone including drill intercepts
(Source: Champion Bear Resources Ltd.)

Location/Accessibility: The Eagle Rock Property lies east of Highway 502 which connects Dryden and Fort Frances. Infrastructure is minimal with a tertiary highway along the north eastern outskirts of the claim boundary.

Geology and Mineralization: The primary interest on the Eagle Rock property is the Campbell Zone Cu-Ni-Au-Pt-Pd occurrence hosted within the Entwine Intrusion Complex, an elongate 35 kilometer long formation of intermediate plutonic rocks. The Campbell Zone consists of fine disseminated sulphides, primarily chalcopyrite (the source of copper), and associated nickel, platinum, palladium and gold mineralization. As noted above, the Campbell Zone extends over a strike length of 1,000 meters to a depth of 200 meters.

Figure 3 notes several additional mineral occurrences which have been identified on the property and are coincident with a zone of mineralization projected from airborne magnetic surveys and prospecting. **These underexplored occurrences present significant exploration potential for the Eagle Rock property. We feel there is also potential for discovery of new occurrences within the rest of the 20 kilometer section of underexplored Entwine Intrusion held within company property.**

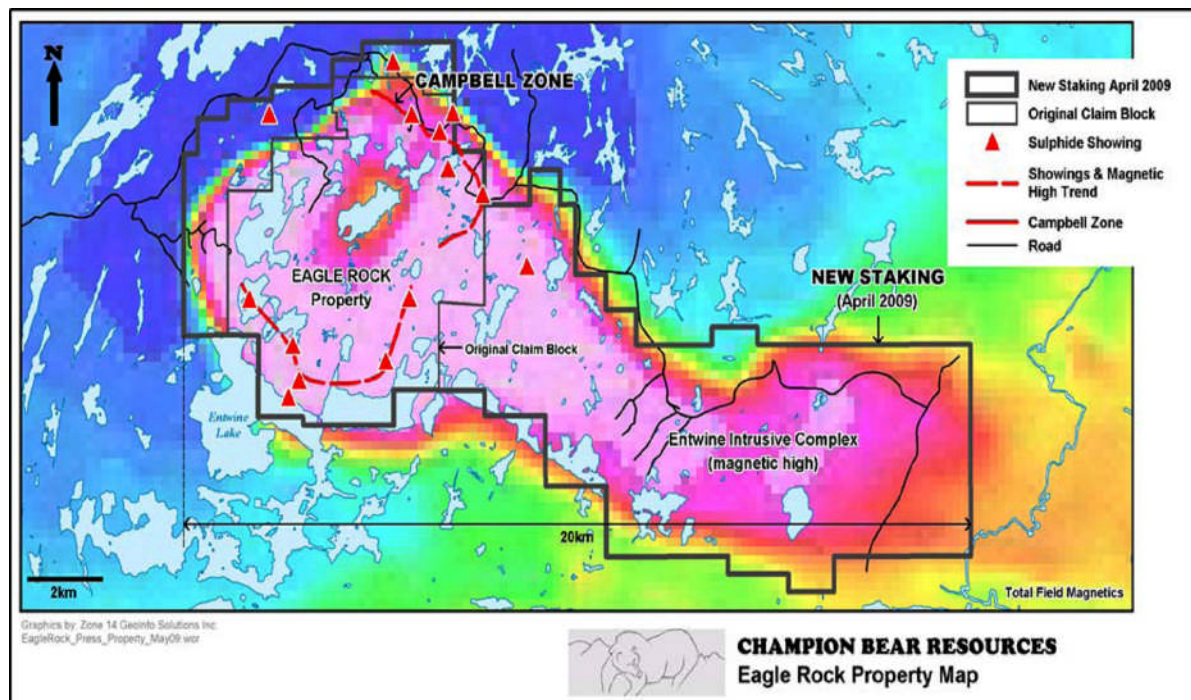


Figure 3: Total Field Magnetics of the Eagle Rock property and location of the Campbell Zone.
(Source: Champion Bear Resources Ltd.)

Metallurgy: Preliminary metallurgical testing was completed by the company in October, 2000, and show rougher flotation recoveries of 95% for copper, 91% for nickel, 90% for palladium, 96% for platinum, 89% for silver and 82% for gold. Results also produced a clean concentrate of 20.3% copper, 2.97% nickel, 11.7 gpt palladium, 9.4 gpt platinum 263 gpt silver and 6.5 gpt gold. These initial results are positive but we feel additional testing is required to improve the concentrate grades.

Resource Estimate: An NI 43-101 compliant resource calculation has yet to be completed.

Current Status: Future exploration is currently in the planning stage which the company has indicated may include airborne magnetic surveys, ground prospecting and ground geophysical surveys in anticipation of additional drilling. The approach is a property-wide, systematic exploration program designed to enhance the existing drill targets associated with the Campbell Zone, to generate new drill targets associated with the Cu-PM showings along the 10km long Campbell trend, and identify new targets and showings on the recently staked claims.

Drilling at the Campbell Zone offers potential to define an open pit bulk mineable Cu-Pt-Pd-Au deposit. Other Cu-PM showings along the Campbell Trend offer potential, as similar or better zones and targets generated elsewhere on the property offer potential for the discovery of yet unknown Cu-PM occurrences.

Parkin

Property Overview: The Parkin property is composed of two claim groups, the North and South Blocks, located 4 km northeast of the Sudbury Basin in northeastern Ontario. The

North Block comprises 57 claim units, while the South Block comprises three claim units together totaling 1,489 hectares. Approximately seven km of the Parkin offset dyke lies within the company's property boundaries including the Brady Showing which is situated within the Southern Block. Wallbridge Mining Company Limited, and its JV partner Impala Platinum Holdings Ltd., are currently earning a 50% interest in the Parkin property.

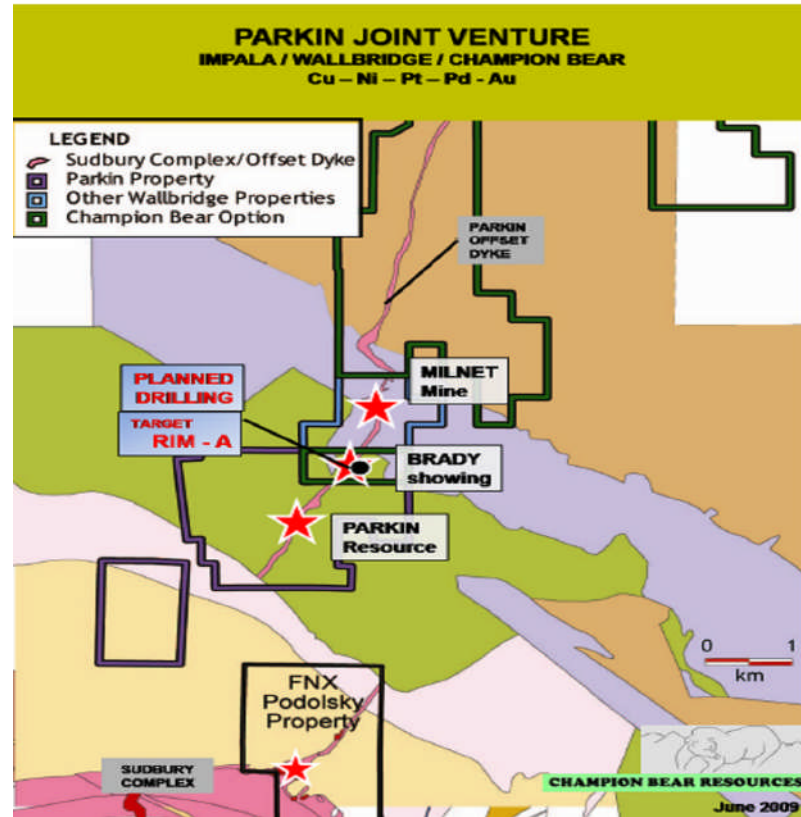


Figure 4: Joint ventured Champion Bear Parkin properties and adjacent Wallbridge properties.
(Source: Champion Bear Resources Ltd.)

Ownership: The company holds a 100% interest in the Parkin Property which it originally acquired in 1998 through an option agreement from the underlying owner. The agreement is subject to a 2.5% Net Smelter Return payable to the underlying owner, 60% of which the company may acquire for \$1.5 million at any time prior to the property going into production. Also pursuant to the agreement, an advance royalty of \$6,000 is payable on March 30th and September 30th in each year the claims have not been put into production.

On April 24, 2008, the company entered into an option and joint venture agreement with Wallbridge whereby Wallbridge has the right to acquire 50% interest in the property by making a \$0.10 million cash payment to Champion Bear, issuing Champion Bear 263,158 common shares and incurring \$2 million in exploration expenditures on or before April 24, 2010. Should Wallbridge exercise its option, a joint venture will be formed between Wallbridge and the company with Wallbridge as the operator. As per the agreement, Wallbridge may then increase its interest to 75% by completing a definitive feasibility study on a deposit which is in whole or in part on the property and funding Champion Bear's

portion of development expenditures as a loan against Champion Bear’s portion of the proceeds of production.

Subsequent to signing the agreement with Champion Bear, Wallbridge entered a joint venture with Impala whereby Impala may earn a 50% interest in Wallbridge’s varying interest in any Parkin offset dyke properties. Impala can increase its interest to 65% by funding a feasibility study on any portion of the joint ventured properties and securing Wallbridge’s portion of the development funding through to production on a project loan basis.

Location/Accessibility/Infrastructure: The property is situated approximately 40 km northeast of the City of Sudbury and 4km north of FNX Mining Company Inc.’s (“FNX” TSX: FNX) new, high-grade Cu-Ni-PM Podolsky Mine. It can be accessed by taking regional roads to the Town of Capreol. From Capreol, the property is accessed via all weather gravel roads connecting to a north-south logging road that traverses the property.

The Sudbury area has a rich history of mining dominated by the Sudbury Basin and is an adequate source of skilled labor and mining supplies. Sufficient water and power to support a future mining operation is available and there is currently an excess of milling and smelting capacity in the area.

Historic Exploration/Production: Significant work has been completed on the three South Block claims following the 1950’s discovery of mineralization now referred to as the Brady Showing. Neighboring properties have also received considerable attention including historic production of 157,130 tons grading 1.49% Ni, 1.54% Cu, 2.26 g/t Pt and 2.98 g/t Pd from the Milnet mine. Table 2 below summarizes relevant historic exploration on the Champion Bear properties – records of work prior to 1980 are insufficient to report.

Table 2: Historic work completed on Champion Bear Parkin property.

Claim Block	Year	Company	Work Completed	Significant Results
South	1983	Nearartic Resources	8 vertical drill holes; avg depth 65 m	6.79% Cu, 3.74% Ni, 0.93 g/t Pt, 1.24 g/t Pd, 1.24 g/t Au
South	1986	Falconbridge	14 holes; avg depth 60 m	0.12% Cu, 0.16 Ni, 190 ppb Pt, 160 ppb Pd
South	1988	Prophet Resources Ltd.	Surface channel sampling, 54 percussion holes, 5 diamond drillholes; avg depth 35 m	Channel sampling: 24.57 g/t Pt, 3 g/t Pd. Percussion holes: 3.0% Cu, 2.4% Ni, 6 g/t Pt, 4 g/t Pd, 18 g/t Au
South	1989	BP Resources Canada Ltd.	3 deep holes; avg depth 400 m	Encountered offset dyke but no significant mineralization
North	1986	Falconbridge	4 drill holes	No significant values returned
North	1987	Vale INCO	2 drill holes	12.5 g/t Au over 0.3m, no significant Ni/Cu/Pt/Pd results

(Source: Champion Bear Resources Ltd.)

The important aspect to note is the limited depth to which historic exploration was completed. The reader will learn under “Current Status” below that the current target for exploration lies more than 700 meters below the Brady Showing.

Champion Bear Exploration: The company has completed preliminary exploration work on the property including surface sampling and drilling on the South Block and two drill holes on the North Block.

Both drilling confirmed below surface mineralization at the Brady Showing, while surface sampling returned very positive results: 9.2 g/t Pt, 4.3 g/t Pd, 1.57 g/t Au, 11.2% Cu and 0.63% Ni.

Two drill holes have been completed on the North block with one hole confirming the presence of the offset dyke but returning insignificant assay values. **It would appear that historic results were highly variable with some locations returning spectacular grades while other locations simply indicated the presence of the offset dyke. We feel that insignificant results in a single drill hole do not retract from the potential of the property and that the confirmation of the offset dyke on the North Block warrants further exploration.**

Geology and Mineralization: Geology of the Sudbury area is dominated by the Sudbury Structure which is generally accepted as being a deformed crater structure created by a major meteorite impact approximately 1,850 Ma. The center of the structure has been filled by the Sudbury Intrusive Complex (“SIC”). Surrounding Archean and Proterozoic rocks have been intruded by offset dykes emanating from the SIC.

Two varieties of offset dykes have been identified, concentric and radial; the Parkin offset dyke is considered radial. The dykes appear to originate from the norite (often associated with Nickel and Platinum deposits) and/or sublayer, and are considered to be composed of the most mobile phases of the Sudbury sublayer norite. This implies that the offset dykes may contain notable mineralization throughout their strike length.

The Parkin offset dyke is interpreted to be a faulted off extension of the Whistle offset dyke which is currently being developed at FNX’s Podolsky Mine (see Figure 1). The copper/precious metal 2000 deposit at the Podolsky Mine has reserves of 0.415 million tons grading 4.64% Cu, 0.42% Ni, 0.06% Pt, 0.06 oz/ton Pd and 0.02 oz/ton Au in footwall mineralization associated with the Whistle offset dyke.

Approximately five kilometers of the quartz diorite Parkin offset dyke lies within Champion Bear owned property. The dyke has a width of approximately 50 meters on the south property and ranges from 30 to 90 meters on the north property with a steep easterly dip of approximately 85 degrees.

Metallurgy: At this early stage of exploration, no significant mineralization has been identified; no metallurgical testing has been performed to date. However, any sulphide mineralization encountered is expected to be typical of Sudbury ores implying well known

metallurgy based on the extensive mining history of the area.

Resource Estimate: There is no resource estimate for the Parkin property also due to the project’s early exploration status.

Current Status: Wallbridge (and Impala) have allocated a minimum of \$0.60 million to the 2009 exploration program on the Parkin property. The drilling will test a conductive target “RIM-A” (see Figure 5 below) observed in a Fara Systems radio-imaging survey. The target lies approximately 740 meters below the Brady Showing and appears to be coincidental with a one km conductive trend. Identification of the conductive target is significant because it likely signifies significant sulphide mineralization. While substantial exploration has been completed on the Brady showing, current techniques are aimed at new targets not tested by historic work.

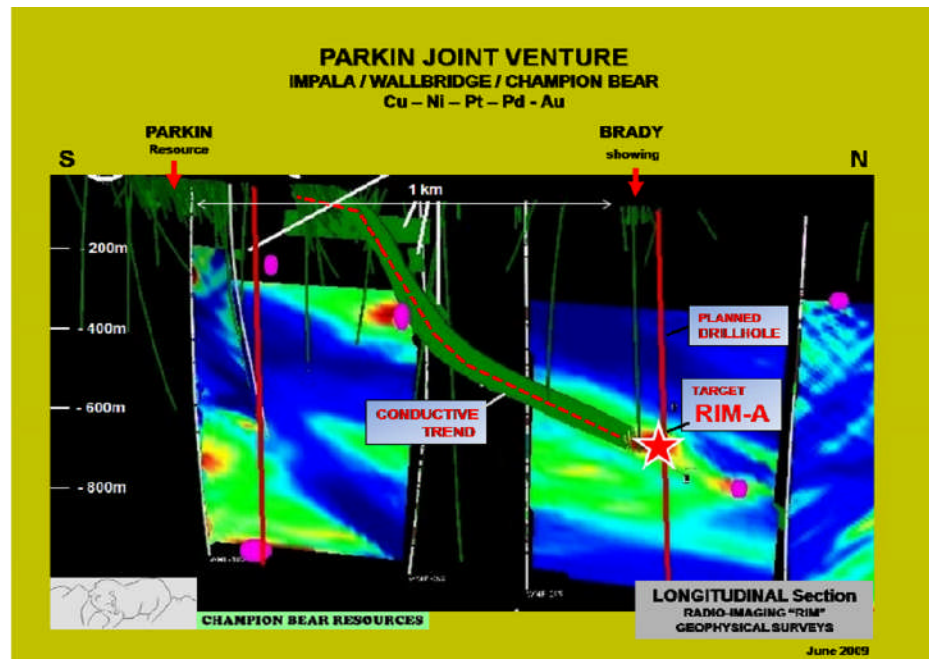


Figure 5: Graphic depiction of RIM-A drill target below the Brady Showing. (Source: Champion Bear Resources Ltd.)

Other Properties

The company holds several other properties in the Sudbury and Dryden areas which will be advanced subject to funding. Additional properties not listed below include the joint ventured (with Wallbridge) Hess and Bear Tag Cu-PGM properties, and the Separation Rapids Lithium property located in Northwestern Ontario.

Halcyon: The company holds 100% ownership in the Halcyon property which is located just east of the company’s South Block Parkin property approximately 5 kilometers northeast of the Sudbury Basin. The property covers footwall rocks of the Sudbury Igneous complex which are known to be prospective for economic nickel mineralization. Previous drilling by the company has intersected anomalous near surface nickel mineralization.

Plomp Farm: The company has an undivided 100% interest in the Plomp Farm Gold Property which is rooted around gold mineralization. Three deep wedge drill holes were completed in the summer of 2007, one of which encountered visible gold assaying 71.2 g/t over 0.4 meters. The project is located in Aubrey Township approximately 22 km west of Dryden, Ontario.

The company is currently evaluating and re-assessing results to date at the Main Zone and the East claims in order to identify potential target areas that may warrant follow-up test drilling. The Plomp Farm property lies within the Warclub assemblage of rocks which also hosts Treasury Metals's (TSX: TML) Thunder Lake Gold Deposit and Goliath Gold Project.

Iron Mask: The Iron Mask property is located approximately 10 kilometres northwest of the Sudbury Basin. Through a joint venture, Wallbridge is earning a 50% interest in the portion of the claims which cover the Hess offset dyke. Work thus far includes IP surveys, mapping and minimal drilling which failed to intersect significant mineralization.

Management

Richard Kantor – President, Director

Mr. Kantor has been the President and Director of the company since its incorporation in 1987 and has over 40 years of experience in the mining, oil and gas and finance industries. As Vice-President, Land of Barrington Petroleum Limited, he was instrumental in founding and organizing the business and enterprise of the company.

David Haigh, Q.C. – Director

Mr. Haigh has been a director of the company since 1997. Mr. Haigh is a partner at the law firm of Burnet, Duckworth & Palmer LLP, Calgary, Alberta specializing in commercial litigation and international commercial arbitration, with extensive experience in oil and gas corporate, commercial and construction related litigation.

Audrey Och – Director

Ms. Och is an independent consultant and has over 30 years experience in providing companies including Champion Bear, with financial and record keeping consulting services.

James Allen – Director

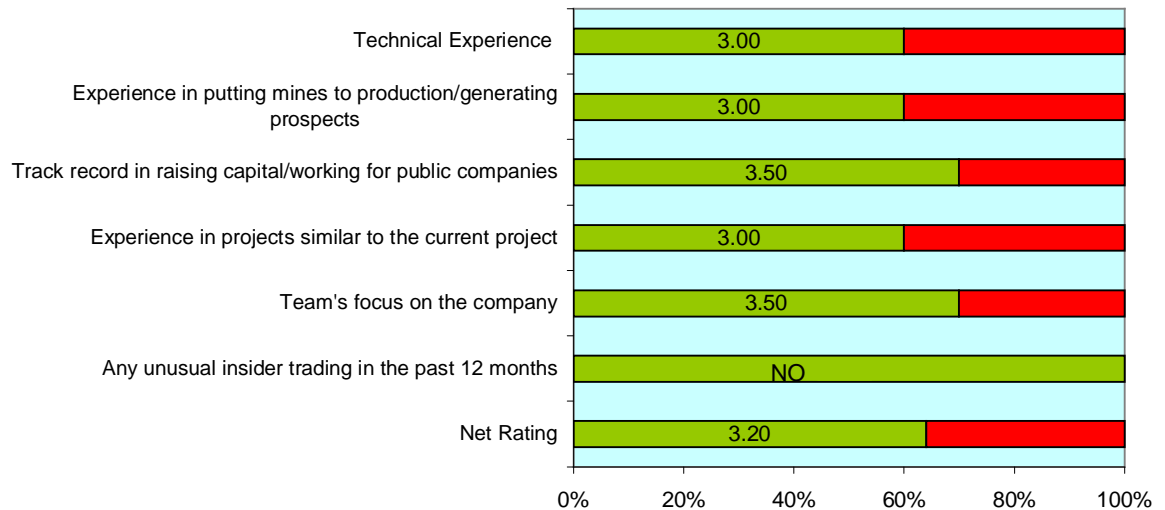
James Allan is a geological engineer who has been involved in mining exploration, mineral deposit evaluation and project management for over 45 years. He has explored for and evaluated a wide range of mineral deposit types in Canada, United States, Latin America, Australia and Asia. He has worked for major mining and petroleum companies as a senior minerals geologist and exploration manager and has been an independent consultant to the mining industry for the last 18 years. Mr. Allan holds a B.A.Sc. in geological engineering from the University of British Columbia and a M.Sc. degree from Queen's University and is registered as a professional engineer with the Association of Professional Engineers and Geologists in both Alberta and British Columbia.

Management Rating

We believe that the most important aspect of a junior mining company is its management. Our management rating system is a quantitative way to rate management based on a number of factors, including technical experience, the ability to raise financing, and management's

time commitment to the company. We also analyzed trading records to identify for evidence of unusual trading by management. **Our net rating for CBA is 3.2 out of 5.0, which we have rated average.**

Management Rating



Source: FRC

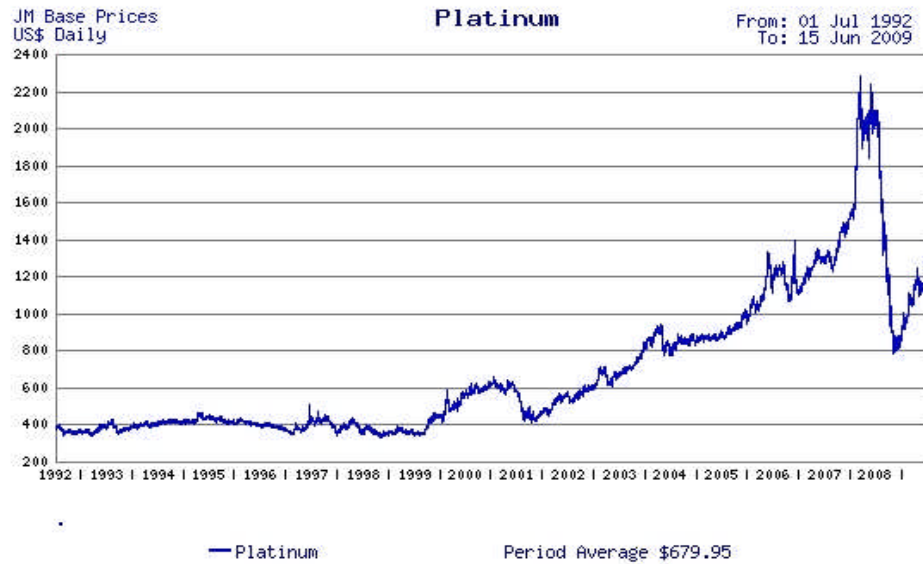
Strength of Board

The Toronto Stock Exchange recommends that the Board of Directors of every company include independent or unrelated directors who are free of any relationship or business that could materially interfere with the director’s ability to act in the best interest of the company. An unrelated/independent director can be a shareholder. In this section, we present our strength of board rating for Champion Bear Resources, which uses information available from the company’s annual “Management Information Circular” to ensure that the company has an independent Board of Directors, Audit Committee, and Compensation Committee. This report also identifies any non-arms length transactions and management’s compensation.

As of October 16, 2008, Champion Bear’s Board of Directors was made up of 3 individuals: Richard D. Kantor, David R. Haigh, and Audrey Och. None of the directors have filed for personal bankruptcy. All directors hold shares in the company. The related/nonindependent director is Richard D. Kantor, as he is an executive officer of the company and receives compensation. The Audit Committee is made up of David R. Haigh. The company’s Compensation, Nominating and Corporation Governance Committee is also made up of David R. Haigh. We do not feel there is any arm’s length transaction that materially affects the board’s ability to act in the best interest of the company.

Outlook on Platinum

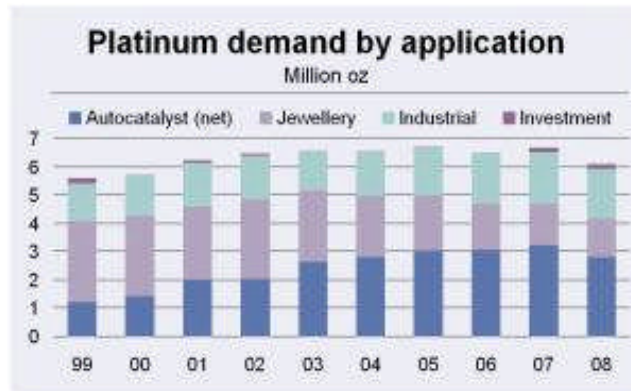
The following chart shows the price of Platinum since 1992.



Source- Platinum Today

As shown in the chart, platinum prices rose to an all time high of US\$2,309/oz in early March 2008, and experienced a steep fall in the second half of 2008, as a result of the global economic crisis and financial crunch. However, platinum has picked up since then and is currently at US\$1,182/oz; which is well above the historical average price of US\$680/oz (the average price of the last 17 years).

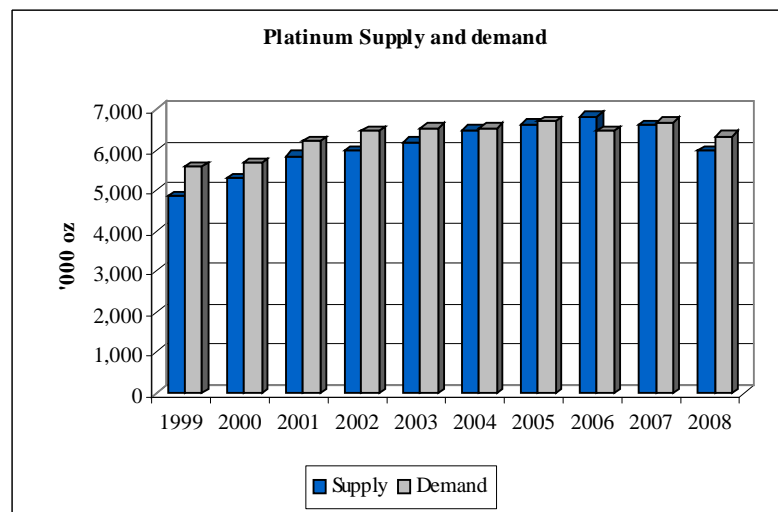
Primary Demand Driver for Platinum: The demand for platinum comes primarily from its wide use as an autocatalyst for controlling vehicle emissions. In 2008, 59% of the total demand for Platinum came from its use as an autocatalyst (versus 50% in 2007). Platinum is also used in jewelry (21%), and industrial applications (19%). We believe the demand growth for Platinum going forward will come primarily from its application as an autocatalyst, as governments worldwide, including the US, Japan, EU, China and India, are increasingly applying stricter emissions standards to improve air quality. The following charts show the increasing trend for demand as an autocatalyst, and the decreasing trend for demand in jewelry.





Source- Platinum Today

Platinum - Supply and Demand: The following chart shows the global supply and demand for platinum since 1999.



Source- Platinum Today and FRC

Except 2006, supply fell short of demand in every year during the period. In 2008, the net global demand for Platinum fell by 5% YOY, to 6.35 million ounces, whereas total platinum supplies decreased by 9.5% YOY, to 5.97 million ounces (Source: Johnson Matthey). The drop in supply was a result of production disruptions in South Africa due to power shortages, flooding of a mine, and temporary closure of Anglo Platinum’s (LSE: ANP) Amandelbult mine.

During 1999 – 2008, supply grew at a CAGR of 21%, while demand grew at 12.75%. The major producer of Platinum is South Africa (which accounts for 76% of the total global supply), followed by Russia (13%) and North America (5%). The significance of this is that, as a result of the concentration of supply in fewer nations, supply disruptions in these regions materially impact platinum prices. Despite the recent drop in prices, mining companies in South Africa have not reduced their output (due to the high costs associated with reopening

operations), but have reduced their capital expenditure budget, which we believe might constrain any growth in output in South Africa over the longer term.

In addition to primary production, platinum supply also comes from recycling. In 2008, 15% of the platinum supply came from recycling. Recycling is more economic when platinum prices are high. As current prices are well above their historical averages, we expect recycling to continue to have a significant impact on supply going forward.

On the demand side, although the demand for platinum as an autocatalyst has been negatively affected by the recession in the developed economies and the slowdown in the emerging countries, Q4-2008 and Q1-2009, surprisingly, saw a significant increase in jewelry demand in China due to the sharp drop in platinum prices. We believe this increase in demand for jewelry will keep prices from going below levels seen in the second half of 2008. As we expect global economic growth to start again in late 2009, we expect the demand for platinum as an autocatalyst and industrial application will pick up then.

Conclusion: In the short-term, we believe that platinum prices will remain at US\$1,100-US\$1,250/oz primarily because supply is expected to meet demand. In the longer term, we believe the demand for the metal as an autocatalyst, and a concentrated supply market, will keep prices above their historical lows.

Financials

At the end of Q1-2009 (quarter ended March 31, 2009), the company had \$0.10 million cash on hand. Working capital deficit was \$0.20 million. The table below summarizes the company's financial position.

(C\$)	2007	2008	2009 (3 mo)
Cash	93,622	60,529	96,766
Working Capital	(783,229)	(161,266)	(204,720)
LT Debt / Assets	-	-	-
Burn Rate (per month)	(205,126)	(171,413)	(111,461)
Cash from financing activities	1,178,460	2,123,865	370,619

CBA had a net loss of \$0.13 million (EPS: -\$0.00) during the first 3 months of FY2009. We estimate that the company had a burn rate (cash spent on operating and investing activities) of \$0.11 million per month during the first 3 months of FY2009, compared to \$0.17 million per month during FY2008 (12 month period).

Subsequent financings: In May 2009, the company completed a private placement of 2 million common shares at a price of \$0.25 per share for gross proceeds of \$0.50 million. The company received \$375,000 prior to closing the private placement in Q1-2009. The proceeds will be used for the exploration program on its Eagle Rock Cu-Au-PGE property and the Iron Mask property, and for general corporate purposes.

Options Outstanding: At the end of March 31 2009, the company had 2.90 million outstanding stock options with a weighted average exercise price of \$0.50 per share and a weighted average time to maturity of 3.80 years. 0.8 million options are currently 'in-the-money'.

Conclusions: CBA currently has about \$0.08 million in cash. We estimate the company will have to raise about \$1.5 - \$2.0 million this year to fund their working capital and exploration this year.

Valuation

Since none of the company's projects have known resource estimates, we have valued the company based on the average ratio of enterprise value (EV) to mineral assets (book value) of its peers. Although EV/mineral assets does not really capture the upside potential of a project, we believe it is a good metric (and probably the only metric) to determine fair value based on work done on the project to date. Based on an average EV/Mineral Assets ratio of 1.79x, our comparable analysis gave a fair value estimate of \$0.66 per share.

Company	Symbol	Price	Enterprise Value \$,000's	Mineral Assets \$, 000's	EV / Min. Assets
1 Northern Shield Resources	TSXV: NRN	\$0.22	\$14,538	\$4,387	3.31
2 Platinex Inc.	TSXV: PTX	\$0.09	\$3,290	\$1,202	2.74
3 Beartooth Platinum Corp.	TSXV: BTP	\$0.03	\$4,402	\$1,614	2.73
4 Starfield Resources	TSX: SRU	\$0.31	\$100,455	\$107,240	0.94
5 Champion Bear Resources	TSXV: CBA	\$0.33	\$11,275	\$12,561	0.90
6 Pacific North West Capital Corp.	TSX: PFN	\$0.12	\$827	\$8,045	0.10
Average					1.79
Fair value per share					\$0.66

* Share prices are 12 month averages

Conclusions & Rating

Based on our review of the company's projects and valuation, we initiate coverage on Champion Bear with a BUY rating and a fair value estimate of \$0.66 per share (Risk 5: Highly Speculative).

Risks

The following risks, though not exhaustive, may cause our estimates to differ from actual results:

- The value of the company is dependent on commodity prices (primarily platinum and gold).
- The success of drilling, project development and resource expansion are important long-term success factors for these early projects.
- The company needs to pursue financing to secure funds for exploration. This is a difficult task for junior explorers due to current economic conditions.
- The company does not have any currently operating mines. Current projects do not have resource estimates.

Fundamental Research Corp. Equity Rating Scale:

Buy – Annual expected rate of return exceeds 12% or the expected return is commensurate with risk

Hold – Annual expected rate of return is between 5% and 12%

Sell – Annual expected rate of return is below 5% or the expected return is not commensurate with risk

Suspended or Rating N/A— Coverage and ratings suspended until more information can be obtained from the company regarding recent events.

Fundamental Research Corp. Risk Rating Scale:

1 (Low Risk) - The company operates in an industry where it has a strong position (for example a monopoly, high market share etc.) or operates in a regulated industry. The future outlook is stable or positive for the industry. The company generates positive free cash flow and has a history of profitability. The capital structure is conservative with little or no debt.

2 (Below Average Risk) - The company operates in an industry where the fundamentals and outlook are positive. The industry and company are relatively less sensitive to systematic risk than companies with a Risk Rating of 3. The company has a history of profitability and has demonstrated its ability to generate positive free cash flows (though current free cash flow may be negative due to capital investment). The company's capital structure is conservative with little to modest use of debt.

3 (Average Risk) - The company operates in an industry that has average sensitivity to systematic risk. The industry may be cyclical. Profits and cash flow are sensitive to economic factors although the company has demonstrated its ability to generate positive earnings and cash flow. Debt use is in line with industry averages, and coverage ratios are sufficient.

4 (Speculative) - The company has little or no history of generating earnings or cash flow. Debt use is higher. These companies may be in start-up mode or in a turnaround situation. These companies should be considered speculative.

5 (Highly Speculative) - The company has no history of generating earnings or cash flow. They may operate in a new industry with new, and unproven products. Products may be at the development stage, testing, or seeking regulatory approval. These companies may run into liquidity issues, and may rely on external funding. These stocks are considered highly speculative.

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