

Northern Abitibi Mining Corp.

2000 Annual Report

President's Message

Last year was an extremely difficult one for the junior mining exploration industry. While there were price increases in certain metals, gold prices stubbornly resisted any increases, and capital markets continued to ignore the sector.

Although further exploration work is justified on the South Voisey Bay Project, discussions with various third parties aimed at reactivating exploration in the area have not as yet borne fruit.

Due to depressed gold prices, and the need to utilize expensive exploration methods on the Quebec portfolio, management determined to conduct only minor maintenance work during the year.

Management has determined that your company should endeavor to locate and acquire a new property with well defined surface targets and which is amenable to evaluation through relatively inexpensive surface exploration techniques. Management is in the process of evaluating several new prospects.

Northern Abitibi has the funds needed to carry on significant exploration activities, once suitable projects are located, and it is our goal to emerge from the current depressed cycle with exciting new opportunities.



J. Devonshire

President

South Voisey Bay Project Labrador

Northern Abitibi Mining Corp. 47.8% *
Donner Minerals Ltd. (Operator) 52.2% *
*Estimated.

Donner Minerals Ltd. ("Donner") is the Operator of the South Voisey Bay Project and Teck Exploration Ltd. ("Teck") is the exploration contractor to the project. Northern Abitibi's South Voisey Bay Project is located in Labrador approximately 260 kilometres northwest of Goose Bay and approximately 90 kilometres south of the Voisey's Bay Nickel-Copper deposit owned by INCO. The exploration target at the South Voisey Bay Project is high grade Nickel-Copper-Cobalt deposits similar to those discovered at Voisey's Bay. Major exploration programs conducted on the company's project lands in 1997 and 1998 have resulted in the discovery of massive sulphides in a geological environment favourable to hosting mineral deposits of economic size and grade. Exploration conducted in 1997 and 1998 consisted of diamond drilling, regional and detailed scale gravity surveys, downhole Pulse Electromagnetic (PEM) surveys, and surface PEM surveys.

The initial discovery of magmatic massive sulphide mineralization on the company's property was in diamond drill hole SVB-97-67. This drill hole intersected three narrow zones of Nickel-Copper-Cobalt massive sulphide mineralization at the basal contact of the target Gabbro intrusive. The three intersections in drill hole SVB-97-67 included 0.30 metre grading 1.73% nickel, 1.64% copper and 0.23% cobalt, 0.60 metre grading 1.93% nickel, 1.07% copper and 0.26% cobalt as well as 0.10 metre grading 1.35% nickel, 0.84% copper and 0.17% cobalt. Continued drilling throughout 1997 increased the geological understanding of the target area and culminated with drill hole SVB-97-96 which intersected a thick section of massive sulphides at the base of the target Gabbro. This drill hole intersected 15.7 metres which assayed 1.13% nickel, 0.78% copper and 0.20% cobalt.

Exploration of the company's property continued through 1998 with diamond drilling and surface "Crone" Low Frequency Multi-Channel Pulse Electromagnetic surveys. The 1998 exploration of the South Voisey Bay Project area continued to increase the understanding of the local geology and mineralization, and the expanded impetus to continue exploration of this property with its strong potential to host economic grade mineralization. Northern Abitibi's cost share of exploration on the South Voisey Bay Project totalled \$2,044,000.

In 1999 Donner and its exploration manager Teck designed and were implementing a \$2,750,000 phased exploration program on the South Voisey Bay Project. At that time, the companies were confronted by the Innu Nation on a number of operational issues that could not be resolved by the Operator. As a result of this development, the Operator, with the full support of Northern Abitibi, curtailed exploration activities at South Voisey Bay. In November of 1999 the Newfoundland Department of Mines and Energy agreed to a suspension of assessment work requirements on the South Voisey Bay Project claims until the issues with the Innu can be resolved.

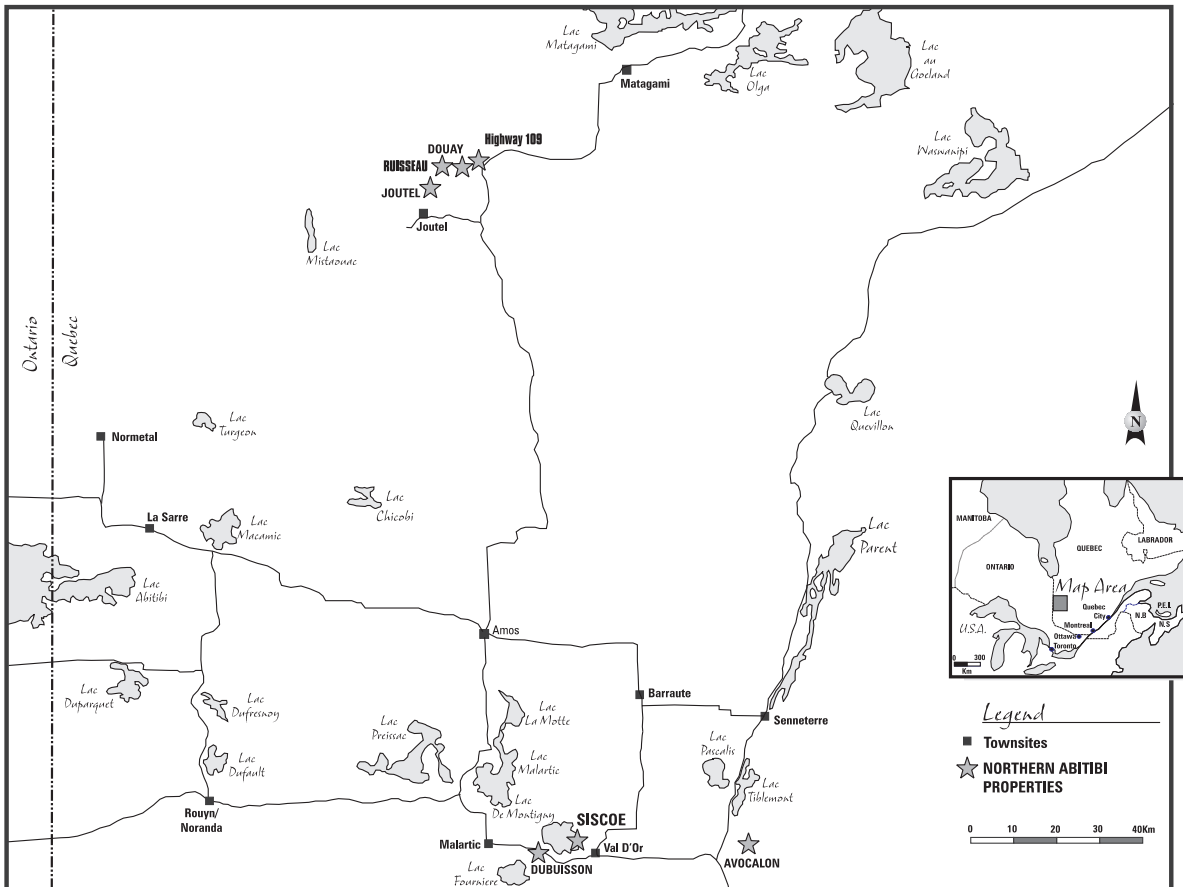
During 2000 Donner and other industry participants continued discussions with the Innu to arrive at an agreement that will permit resumption of exploration at South Voisey Bay. Significant progress has been reported by Donner and it is hoped that outstanding issues will be resolved before the 2001 summer field season.

Quebec Exploration Report

During 2000, Northern Abitibi retained the core claims in its gold and base metal properties in Quebec. Northern Abitibi's seven properties consist of some 286 claims covering a total project area of 4,695 hectares. Although most of these claims cover prospective territory in what are still active areas of Quebec in terms of exploration, only minimal property maintenance work was conducted in the past year. Most of Northern Abitibi's properties have sufficient assessment credits to be carried forward for a number of years in anticipation of a strengthening in the gold price. During the year 2000, the Bourlamaque Batholith and Pershing gold properties were allowed to lapse while the Isle Dieu property was returned to the original owner.

Northern Abitibi retains a significant property position in the Douay Township adjacent to the Douay West gold deposit owned by Societe d'exploration Miniere Vior Inc. This deposit has a published resource of 642,900 tonnes grading 9.9 g/T gold in a single mineralized lens about 800 meters long. Significant potential remains for the testing of this deposit which is believed to extend northwards onto the Northern Abitibi property. As with the Siscoe property which was drilled in 1998 with positive results, the return of a stronger gold price and the resultant improvement in market conditions will be needed to continue the exploration of the core gold properties held by Northern Abitibi and its partners.

Quebec Location Map



*Management's Discussion & Analysis of
Financial Conditions & Results of Operations*

SEPTEMBER 30, 2000

The following analysis of Northern Abitibi's results of operations and financial position should be read in conjunction with the financial statements and related notes.

Results of Operations

Earnings/Loss for the Year: The Company's loss for the year ended September 30, 2000 was \$900,000 or \$0.03 per share compared to a loss of \$639,000 or \$0.02 per share for the year ended September 30, 1999. The loss in 1999 was primarily attributable to the abandonment and write-down of mineral properties of \$613,000. During the year ended September 30, 2000, abandonment and write-down of mineral properties was \$723,000. Further, in fiscal 2000, the Company wrote-down investments by \$121,000.

Revenues: Interest and other income decreased approximately \$50,000 from the 1999 fiscal year. Interest income declined \$11,000 primarily due to declining cash balances. Other Income declined \$39,000. In fiscal 1999 the Company recognized \$39,000 of revenue pertaining to fees received to extend a settlement agreement. The settlement agreement was never finalized and no further extension fees were received.

Expenses declined by \$18,000 from fiscal 1999 to fiscal 2000 primarily due to the large decrease in exploration activities and resultant support costs, as well as an effort to trim general and administrative costs.

Liquidity and Capital Resources

The Company is debt free and had \$773,000 in cash and short-term investments as at September 30, 2000, (1999 - \$879,000). The Company has a positive working capital position of \$759,000 at September 30, 2000, (1999 - \$872,000). There are no plans to raise additional equity at this time due to the poor market conditions for resource exploration stocks. It is expected that current cash reserves will be sufficient to fund fiscal 2000 exploration.

Operating Cash Flow: Operating activities have not been a significant source of liquidity. Cash operating expenses have exceeded operating income received by \$52,000 (1999 - \$70,000).

Financing Activities: No cash was generated from financing activities in either the 2000 or 1999 fiscal year.

Investing Activities: Cash basis property additions of \$53,000 were incurred in 2000 as opposed to \$380,000 in 1999. The majority of 1999 expenditures were incurred on the South Voisey Bay property in Labrador. Fiscal 2000 expenditures were incurred primarily in Quebec and Labrador.

Risks and Uncertainties

Northern Abitibi operates in the mining industry in an international environment, and accordingly its success in achieving its objectives is affected by numerous circumstances over which it has no control. In addition to the risks inherent in the exploration of natural resources, the Company faces risks associated with political instability, commodity prices and their effect on the valuation of mineral properties and equity issues, as well as risks associated with changes in general economic conditions.

Outlook

The Company remains in a positive financial position and has a portfolio of gold and base metals prospects that will be explored further when market conditions improve. In addition, the Company is looking for new exploration projects.

Forward Looking Statements

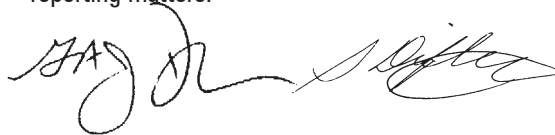
Some of the statements contained in this annual report are forward-looking statements such as statements that describe the Company's future plans, including words to the effect that the Company or management expects a stated condition or result to occur. Since these statements address future events and conditions, they involve inherent risks and uncertainties. Actual results could differ materially from those anticipated, due to many factors, most of which are beyond the control of the Company.

Management's Statement of Responsibility For Financial Reporting

To the Shareholders of Northern Abitibi Mining Corp.:

The accompanying financial statements and other financial information included in this annual report are the responsibility of the management of Northern Abitibi Mining Corp. and have been approved by the Board of Directors and, where appropriate, reflect management's best estimates and judgements based on currently available information. Financial information presented elsewhere in the annual report is consistent with that in the financial statements.

The management of the Company developed and continues to maintain systems of internal accounting controls and management practices designed to provide reasonable assurance that the financial information is relevant, reliable and accurate. Our independent auditors, whose report on their audit of the financial statements follows, also review our systems of internal accounting controls to the extent necessary in order to render an opinion. Financial management personnel and our independent auditors meet with the Audit Committee of the Board of Directors at least once a year to report on accounting, internal accounting control and financial reporting matters.



James Devonshire
President

Shari Difley
Chief Financial Officer

Auditors' Report

To the Shareholders of Northern Abitibi Mining Corp.:

We have audited the balance sheets of Northern Abitibi Mining Corp. as at September 30, 2000 and 1999 and the statements of operations and deficit and cash flow for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also

includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with generally accepted accounting principles.



Calgary, Alberta
December 1, 2000

Grant Thornton LLP
Chartered Accountants

Balance Sheets

September 30	2000	1999
Assets		
CURRENT		
Cash and cash equivalents	\$ 773,452	\$ 879,087
Accounts receivable	6,985	3,831
	780,437	882,918
INVESTMENTS AT COST, (market value - \$27,000, 1999 - \$21,000)	26,000	131,700
MINERAL PROPERTIES Note 3	2,431,338	3,113,290
	\$ 3,237,775	\$ 4,127,908
Liabilities		
CURRENT		
Accounts payable and accrued liabilities	\$ 21,020	\$ 11,150
Shareholders' Equity		
CAPITAL STOCK Note 4	9,168,876	9,168,876
DEFICIT	(5,952,121)	(5,052,118)
	3,216,755	4,116,758
	\$ 3,237,775	\$ 4,127,908

Approved on behalf of the Board



James Devonshire, Director



Lesley Hayes, Director

See accompanying notes to the financial statements.

Statements of Operations and Deficit

<i>Years Ended September 30</i>	2000	1999
REVENUE		
Interest and other	\$ 41,375	\$ 90,501
EXPENSES		
General and administrative	62,388	83,975
Reporting to shareholders	23,446	20,988
Professional fees	6,976	6,317
Stock exchange and transfer agent fees	5,197	5,048
	98,007	116,328
EARNINGS (LOSS) BEFORE THE UNDERNOTED	(56,632)	(25,827)
Write-down of investments	(120,699)	-
Abandonments and write-down of mineral properties	(722,672)	(612,752)
NET LOSS	(900,003)	(638,579)
DEFICIT, beginning of year	(5,052,118)	(4,413,539)
DEFICIT, end of year	\$ (5,952,121)	\$ (5,052,118)
 LOSS PER SHARE - basic and fully diluted	 \$ (0.03)	 \$ (0.02)

See accompanying notes to the financial statements.

Statements of Cash Flow

<i>Years Ended September 30</i>	2000	1999
CASH FLOWS USED IN		
OPERATING ACTIVITIES		
Interest and other income received	\$ 42,495	\$ 56,039
Cash operating expenses	(94,882)	(126,200)
	(52,387)	(70,161)
CASH FLOWS USED IN INVESTING ACTIVITIES		
Proceeds on sale of investment	-	2,220
Mineral property additions	(53,248)	(380,436)
	(53,248)	(378,216)
DECREASE IN CASH AND CASH EQUIVALENTS	(105,635)	(448,377)
CASH AND CASH EQUIVALENTS, beginning of year	879,087	1,327,464
CASH AND CASH EQUIVALENTS, end of year	\$ 773,452	\$ 879,087

See accompanying notes to the financial statements.

Notes to the Financial Statements

September 30, 2000 and 1999

1. Nature of Operations

Northern Abitibi Mining Corp. is engaged exclusively in the business of mineral exploration and development and, as the Company has no mining operations, is considered to be in the development stage. The majority of the Company's activities to date have been conducted in Canada and, as a result, segmented information is not presented.

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in Note 2. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and write-downs, and do not necessarily reflect present or future values. The recoverability of these amounts is dependent upon the existence of economically recoverable mineral reserves; the acquisition and maintenance of appropriate permits, licenses and rights; the ability of the Company to obtain financing to complete the development of the properties where necessary and upon future profitable production; or, alternatively, upon the Company's ability to recover its costs through a disposition of its interests.

2. Summary of Significant Accounting Policies

a) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets, such as mineral properties (see note 1), and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

b) Cash and Cash Equivalents

Cash and cash equivalents includes bank deposits and term deposits with maturities equal to or less than 90 days.

c) Mineral Properties

Costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest basis. These expenditures will be charged against income, through unit-of-production depletion, when properties are developed to the stage of commercial production. Where the Company's exploration commitments for an area of interest are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the area of interest to the extent of costs incurred. The excess, if any, is credited to operations. If an area of interest is abandoned or management determines there is a permanent and significant decline in value, the related costs are charged to operations.

d) Flow-through Common Shares

The Company credits the full amount of the proceeds of flow-through shares, which transfer the deductibility of exploration expenses to the investor, including the premium paid for such tax deductions, to capital stock.

e) Joint Interest Operations

Certain of the Company's exploration and development activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities.

f) Investments

Portfolio investments are carried at cost, less provision for declines in value that are considered to be other than temporary.

g) Foreign Currency

Foreign currency denominated monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect at the balance sheet date. Foreign currency denominated non-monetary assets and liabilities are translated to Canadian dollars at the exchange rate in effect on the transaction date. Revenue and expense items are translated at average exchange rates for the period. Foreign exchange gains or losses are included in the determination of net earnings for the period.

h) Financial Instruments

The fair market value of the cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying values as a result of the short-term nature of the instrument.

i) Reclamation Costs

The Company's activities have primarily focused on exploration directed toward the discovery of mineral resources. When it is determined that a future reclamation cost is likely, and the amount can be reasonably estimated, the

*Notes to the Financial Statements**continued**September 30, 2000 and 1999*

costs thereof will be accrued.

2. *Summary of Significant Accounting Policies.... continued*

j) **Loss Per Share**

Loss per share is computed on the basis of the weighted average number of shares outstanding during the year. The exercise of stock options and warrants is antidilutive.

3. *Mineral Properties*

	Mineral Claims and Permits	Exploration and Development Expenditures	Total
Balance, September 30, 1998	\$ 901,279	\$ 2,459,762	\$ 3,361,041
Costs incurred	12,077	352,924	365,001
Abandonments and write- downs	(253,817)	(358,935)	(612,752)
Balance, September 30, 1999	659,539	2,453,751	3,113,290
Costs incurred	4,278	36,442	40,720
Abandonments and write- downs	(321,342)	(401,330)	(722,672)
Balance, September 30, 2000	\$ 342,475	\$ 2,088,863	\$ 2,431,338

Approximately \$252,000 (1999 - \$352,000) of the foregoing mineral claim costs resulting from acquisition agreements and \$83,000 (1999 - \$342,000) of the foregoing exploration expenditures, funded from the proceeds of flow-through share issues, have no cost basis for income tax purposes.

The Company has mineral properties in Quebec with a total cost of \$337,992 (1999 - \$1,069,600) in South Voisey Bay, Labrador, with a total cost of \$2,093,346 (1999 - \$2,043,690) (see also Note 7).

During the year ended September 30, 2000 the Avocalon, Bourlamaque, Batholith, Matagami, Highway 109 and Ruisseau properties, all located in Quebec, were written off and during the year ended September 30, 1999 the Lac Blouin South and Dubuisson properties in Quebec, as well as the Guinea properties were written off when management determined that further work on the properties was not warranted.

During the year ended September 30, 1999 the Company granted to Beaufield Consolidated Resources Inc. ("Beaufield") an option to acquire up to a 50% interest in the Siscoe Property located in the Val d'Or Gold Camp in Quebec. Beaufield earned a 25% interest in the property by issuing 200,000 shares of its capital stock over an eighteen month period and incurring \$50,000 in exploration expenditures on the property by April 1, 1999.

4. *Capital Stock*

	2000	1999
Common Shares	\$ 9,064,670	\$ 9,064,670
Contributed surplus	104,206	104,206
	\$ 9,168,876	\$ 9,168,876

Contributed surplus represents the excess of the average stated value of shares cancelled in 1997 over the consideration received for cancellation.

a) **Common Shares**

i) Authorized:

Notes to the Financial Statements

continued

September 30, 2000 and 1999

Unlimited number of common shares without par value.

4. Capital Stockcontinued

ii) Issued:

	September 30, 2000		September 30, 1999	
	Number of Shares	Stated Value	Number of Shares	Stated Value
Balance, beginning and end of year	27,755,028	\$ 9,064,670	27,755,028	\$ 9,064,670

b) Outstanding options

Under stock option plans, up to 10% of the outstanding common shares of the Company are, from time to time, reserved for issuance to eligible participants. At September 30, 2000, options for 908,000 (1999 - 1,967,000) shares were outstanding with exercise prices ranging from \$0.35 per share to \$0.84 per share (weighted average price being \$0.62 per share) and expiration dates at various times to September 23, 2002. The exercise price of options granted under the plans is equal to the fair value of the shares at the date of issuance.

c) Outstanding warrants

At September 30, 1999 there were 2,800,000 warrants outstanding that were issued to Golden Rule Resources Ltd. in connection with a private placement. The warrants expired March 25, 2000.

5. Related Party Transactions

The Company's parent, Golden Rule Resources Ltd. (Golden Rule), its affiliates, officers of the Company, and corporations in which certain of the Company's officers and directors are shareholders incurred exploration expenditures on the Company's behalf and provided services, at usual professional rates, as presented below.

	2000	1999
Geological and exploration	\$ 14,000	\$ 28,000
Rent and direct administrative	46,000	64,000
	\$ 60,000	\$ 92,000

Included in accounts payable is \$10,000 (1999 - \$3,400) due to Golden Rule with respect to the foregoing and exploration programs.

6. Income Taxes

a) The Company has incurred losses for income tax purposes of approximately \$257,000, the related benefit of which has not been recognized in the financial statements. Unless sufficient taxable income is earned in future years these losses will expire as follows:

2001	\$ 48,000
2002	22,000
2003	33,000
2004	62,000
2006	32,000
2007	60,000
	\$ 257,000

*Notes to the Financial Statements**continued**September 30, 2000 and 1999**6. Income Taxes ...continued*

- b) The Company has available the following approximate amounts which may be deducted, at the annual rates indicated in determining taxable income of future years.

	Amount	Rate
Canadian exploration expenses	\$ 3,181,000	100%
Canadian development expenses	1,343,000	30%
Foreign exploration and development expenses	328,000	10%
Undepreciated capital cost	9,000	20%
	\$ 4,821,000	

7. Measurement Uncertainty

Included in Mineral Properties are costs relating to the South Voisey Bay property in Labrador with a carrying value of \$2,093,346 (1999 - \$2,043,690). As a result of ongoing unresolved Innu Nation land claim disputes pertaining to the South Voisey Bay area, the Company cannot know whether they will be allowed to continue exploration and development on the property, or, if allowed to continue, whether exploration would be feasible under the constraints imposed by the Innu Nation. Consequently the value of the South Voisey Bay interests may differ significantly from their carrying value. Management believes that the ultimate value could fall anywhere in the range of \$1 to the current carrying value.

Corporate Information

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Bruce Evans
Jens Hansen
James Devonshire
Lesley Hayes
Edward Schiller

Officers:

James Devonshire, *President*
Barbara O'Neill, *Secretary*
Shari Difley, *Chief Financial Officer*

Audit Committee:

Lesley Hayes
James Devonshire
Edward Schiller

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Registrar:**

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Listed:

The Canadian Venture Exchange

Symbol:

NAI

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