Northern Abitibi

Mining Corp.

2009
Annual Report

NORTHERN ABITIBI MINING CORP.
President's Message

Dear Shareholders;

Your Company has made significant achievements over the past year and has ambitious plans to increase shareholder value by advancing our key gold asset in 2010.

The Company's flagship exploration property is the Viking Gold Project, located in the mining friendly jurisdiction of Newfoundland and Labrador. During 2009 Northern Abitibi discovered an extensive gold bearing zone called the Thor Trend, and traced it over a strike length exceeding 1000 metres, with widths of 30 to 60 metres, and to depths in excess of 200 metres. Furthermore, this new discovery remains open along strike and to depth. Highlights of the 2009 drilling program include high grade intercepts of 27 metres grading 7.9 grams per tonne (g/t) gold, 4.8 metres grading 41.4 g/t gold, and 0.5 metres grading 176.2 g/t gold, along with larger intercepts of 18.2 metres grading 4.1 g/t gold, 57.4 metres grading 2.6 g/t gold and 41.4 metres grading 2.0 g/t gold.

In addition to the Thor trend, several additional large exploration targets remain on the property that have not yet been advanced through surface trenching and drilling. Many of these targets will be assessed during 2010 with the objective of identifying additional zones that can contribute to the Viking gold inventory.

The Thor Trend shows excellent potential to be a very significant gold resource, as it begins at surface and may be amenable to low-cost bulk mining methods. In 2010 the Company plans to undertake an aggressive drill program at Viking and complete the first resource estimate on the property. This 2010 exploration program will see a minimum of 6000 metres of core drilled in up to 65 holes and will include trenching, mapping and surface sampling to further evaluate the excellent mineral potential of the Viking property.

By the end of 2010, our goal is to complete and publish what we believe could be a very significant resource estimate for the Viking project. The resource estimate will help quantify the value of our Viking asset, and potentially add significant value to the company.

To help us achieve our goals, the Company completed a private placement in February 2010 and raised a total of $1,329,000. The Company is currently financed to complete the proposed 6000 metre drill program at Viking and a resource estimate. If exploration results and market conditions allow, the drilling program at Viking may be expanded prior to the completion of the resource estimate.

Management of Northern Abitibi is looking forward to an active 2010 exploration season, focused on unlocking the value of the Viking gold project as we move from discovery to a defined gold resource. With our recently completed financing, the strengthening gold market, and our planned aggressive exploration program, we are well-positioned to reach our objective of creating shareholder value through discovery.

Respectfully submitted on
behalf of the Board of Directors

"Shane Ebert"

Dr. Shane Ebert, Ph.D., P.Geo.
President

Northern Abitibi Mining Corp.
Consolidated Financial Statements
September 30, 2009

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November 19, 2009

Auditors' Report

To the Shareholders of
Northern Abitibi Mining Corp.

We have audited the consolidated balance sheets of Northern Abitibi Mining Corp. (the "Company") as at September 30, 2009 and 2008 and the consolidated statements of net and comprehensive loss and deficit and cash flows for each of the years in the two year period ended September 30, 2009. These consolidated financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian 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 consolidated financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2009 and 2008 and the results of its operations and its cash flows for each of the years in the two year period ended September 30, 2009 in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Calgary, Alberta

Northern Abitibi Mining Corp.
Consolidated Balance Sheets

September 30	2009	2008
ASSETS		
Current		
Cash and cash equivalents (Note 3)	$ 647,347	$ 403,333
Accounts receivable	20,695	6,709
Government grants receivable	100,000	155,000
Prepaid expenses	12,556	17,819
	780,598	582,861
Other Assets (Note 4)	-	64,265
Mineral properties and equipment (Note 5)	1,730,164	850,406
	$ 2,510,762	$ 1,497,532
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$ 166,100	$ 30,571
Due to related parties (Note 11)	16,793	29,985
	182,893	60,556
Asset retirement obligation (Note 6)	24,375	9,100
	207,268	69,656
SHAREHOLDERS' EQUITY		
Capital stock (Note 7)	11,268,086	10,523,470
Warrants (Note 7)	302,000	210,132
Contributed Surplus (Note 7)	789,980	657,848
Deficit	(10,056,572)	(9,963,574)
	2,303,494	1,427,876
	$ 2,510,762	$ 1,497,532

Nature and continuance of operations (Note 1)
Commitments (Note 12)

Approved by the Board

"Shane Ebert" Director

"Lesley Hayes" Director

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.
Consolidated Statements of Net and Comprehensive Loss and Deficit

Years Ended September 30	2009	2008
Expenses		
General and administrative (Notes 9 & 11)	**$ 217,405**	$ 281,067
Reporting to shareholders	**22,237**	37,198
Professional fees	**34,915**	30,934
Stock exchange and transfer agent fees	**11,725**	11,438
Amortization of capital assets	**8,929**	4,637
Accretion of asset retirement obligation (Note 6)	**875**	800
	(296,086)	(366,074)
Other Income (Expense)		
Interest	**3,088**	20,805
Write-down of mineral properties (Note 5)	**-**	(8,250)
Loss before income taxes	**(292,998)**	(353,519)
Future income tax recovery (Note 10)	**200,000**	-
Net and comprehensive loss	**(92,998)**	(353,519)
Deficit, beginning of year	**(9,963,574)**	(9,610,055)
Deficit, end of year	**$ (10,056,572)**	$ (9,963,574)
Net and comprehensive loss per share		
Basic and diluted	**$ 0.00**	$ (0.01)
Weighted Average Shares Outstanding		
Basic and diluted	**56,787,075**	49,749,866

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.
Consolidated Statements of Cash Flows

Years Ended September 30	2009	2008
Increase (decrease) in cash and cash equivalents:		
Operating activities		
Interest received	$ **3,088**	$ 20,805
Cash operating expenses	**(249,803)**	(231,808)
Site restoration expenditures	**-**	(5,959)
	(246,715)	(216,962)
Investing activities		
Mineral property additions	**(693,048)**	(777,258)
Refundable claim deposits	**-**	(61,200)
Receipt of environmental deposits	**3,065**	4,545
	(689,983)	(833,913)
Financing activities		
Government grant receipts	**127,721**	-
Private placement proceeds	**1,139,925**	604,000
Cash share issue costs and financing fees	**(86,934)**	(6,478)
Exercise of stock options and warrants	**-**	22,000
	1,180,712	619,522
Increase (decrease) in cash and cash equivalents	**244,014**	(431,353)
Cash and cash equivalents:		
Beginning of year	**403,333**	834,686
End of year	$ **647,347**	$ 403,333

Supplementary Information:

Interest and taxes

No cash was expended on interest or taxes during the years ended September 30, 2009 and September 30, 2008.

Non-cash transactions:

During the year ended September 30, 2009 the Company issued 701,190, (2008 – 435,000), common shares pursuant to the Taylor Brook and Viking option agreements. The non-cash transactions were valued at $87,125, (2008 - $78,900), using the closing price of the Company's shares on the share issue date or dates determined by the agreement.

During the year ended September 30, 2009, non-cash share issue costs in the amount of $26,000 were recognized as a reduction to capital stock. These costs represented the value assigned to agent's warrants granted in connection with the private placement that closed on December 30, 2008.

During the year ended September 30, 2008, the Company granted stock options to officers and/or directors resulting in a non-cash charge of $109,000.

See accompanying notes to the financial statements.

1. Nature and Continuance of Operations

Northern Abitibi Mining Corp. is engaged in the business of mineral exploration and development in Canada and the United States. Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether mineral properties contain ore reserves that are economically recoverable.

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 necessary financing to complete the development of properties where necessary, and upon future profitable operations; or alternatively, upon the Company's ability to recover its costs through a disposition of its interests.

While the Company has sufficient working capital in the near term to fund exploration and working capital needs, the Company is dependent upon raising funds through the issuance of shares and/or attracting joint venture partners in order to undertake long-term exploration and development of its mineral properties. The continuing operations of the Company are dependent upon its ability to continue to obtain adequate financing or to commence profitable operations in the future. There can be no assurance that the Company will be successful in obtaining financing. As a result, there is significant risk regarding the Company's ability to continue as a going concern. These financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenues and expenses if the Company could not continue as a going concern. Such adjustments could be material.

2. Summary of significant accounting policies

a) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary NAMCOEX Inc. NAMCOEX was incorporated by the Company during the year ended September 30, 2005 to acquire Nevada mineral property interests.

b) Newly adopted accounting standards

Effective October 1, 2008, the Company adopted amended Section 1400, General Standards of Financial Statement Presentation. This section includes requirements to assess and disclose the Company's ability to continue as a going concern. It indicates that financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so. (see note 1)

In March, 2009, Emerging Issues committee Abstract 174, (EIC 174), "Mining Exploration Costs," was issued by the CICA. This EIC superseded EIC 126, "Accounting by Mining Enterprises for Exploration Costs," and provides additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. The new abstract became effective for the Company's second quarter fiscal 2009 financial statements. There was no significant impact on the financial statements.

Effective October 1, 2008 the Company adopted Section 3064, Goodwill and Intangible Assets. This new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard has had no impact on the Company's financial statements.

2. Summary of significant accounting policies (continued)

c) Future accounting changes

In February, 2008, the Canadian Accounting Standards Board, (AcSB), announced that interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 must be prepared in accordance with International Financial Reporting Standards, (IFRS). Accordingly the Company will be required to present their financial statements for the fiscal year ended September 30, 2012 in accordance with IFRS and will be required to restate the comparatives for the fiscal year ended September 30, 2011. While the Company has begun assessing the consequences of the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

d) Financial instruments and comprehensive income

In accordance with the CICA Handbook Section 3855, the Company is required to classify all financial instruments as either held-to-maturity, available-for-sale, held for trading or loans and receivables. Financial assets held to maturity, loans and receivables and financial liabilities other than those held for trading, are measured at amortized cost. Available-for-sale instruments are measured at fair value with unrealized gains and losses recognized in other comprehensive income. Instruments classified as held for trading are measured at fair value with unrealized gains and losses recognized in the statement of operations.

In accordance with the CICA Handbook Section 1530, comprehensive income is the change in shareholders' equity during a period from transactions and other events and circumstances from non-owner sources. Accumulated other comprehensive income, if applicable, is included in the shareholders' equity section of the balance sheet. The components of this category include unrealized gains and losses on financial assets classified as available-for-sale, foreign currency gains or losses applicable to the Company's subsidiaries that are self-sustaining operations and the effective portion of cash flow hedges. The Company had no "other comprehensive income/loss" transactions during the two years ended September 30, 2009 and no opening or closing balances for accumulated other comprehensive income or loss.

e) 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 resource properties (see Note 1), 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. Significant estimates include recoverability of property and equipment and valuation of options and warrants. Actual results could differ from those estimates.

f) Mineral properties and equipment

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. If an area of interest is abandoned, the related costs are charged to operations. The Company reviews the carrying values of mineral property interests on a quarterly basis by reference to the project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, available financing, and the extent to which optionees have committed, or are expected to commit to, exploration on the property. When it becomes apparent that the carrying value of a specific property exceeds its estimated net recoverable amount based on the foregoing criteria, an impairment provision is made for the decline in value.

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. Option payments made by the Company are recorded as mineral property costs. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as mineral property costs or recoveries when the payments are made or received.

Equipment is recorded at cost net of amortization calculated on a declining balance basis at a rate of 30% per annum.

2. Summary of significant accounting policies (continued)

g) Asset Retirement Obligations

An asset retirement obligation is a legal obligation associated with the retirement of tangible long-lived assets that the Company is required to settle. This would include obligations related to future removal of property and equipment, and site restoration costs. A liability, for the fair value of environmental and site restoration obligations, is recorded when the obligations are incurred and the fair value can be reasonably estimated. The fair value of the obligations is based on the estimated cash flow required to settle the obligations discounted using the Government of Canada Bond Rate for the applicable term adjusted for the Company's credit rating. The fair value of the obligations is recorded as a liability with the same amount recorded as an increase in capitalized costs. The amounts included in capitalized costs are depleted using the unit-of-production method at such point that the mineral property achieves commercial production, or the costs will be written-off at such time that management considers that the value of the related property has been impaired. The liability is adjusted for accretion expense representing the increase in the fair value of the obligations due to the passage of time. The accretion expense is recorded as an operating expense.

h) Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share arrangements are renounced to investors in accordance with income tax legislation. On the renunciation date, future income tax liability is increased and capital stock is reduced by the estimated tax benefits transferred to shareholders.

i) Foreign currency translation

The Company uses the temporal method of foreign currency translation for transactions incurred corporately in US dollars and for translating the operations of its fully integrated wholly owned US subsidiary. Pursuant to this method, monetary items are translated using the rate in effect at the financial statement date, non-monetary items are translated at the rate in effect on the transaction date and revenues and expenses are translated at the average rate in effect during the period. Gains and losses are recorded in operations for the year.

j) Earnings (Loss) per share

Basic earnings (loss) per common share is computed by dividing the net earnings (loss) by the weighted average number of common shares outstanding for the year. Diluted per share amounts reflect the potential dilution that could occur if securities or other contracts to issue common shares were exercised or converted to common shares. For the years presented this calculation proved to be anti-dilutive. The treasury stock method is used to determine the dilutive effect of stock options and other dilutive instruments. Under the treasury stock method only "in-the-money" dilutive instruments impact the dilution calculations.

Refer to Note 7(c) and (e) for a summary of options and warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the calculation in the years disclosed because their effect was anti-dilutive.

k) Income taxes

Income taxes are recorded using the liability method of tax allocation. Future income taxes are calculated based on temporary timing differences arising from the difference between the tax basis of an asset or liability and its carrying value using tax rates anticipated to apply in the periods when the timing differences are expected to reverse. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, a valuation allowance is applied against the excess.

l) Stock-based compensation

The Company follows the "fair value" method of accounting for stock-based compensation arrangements, whereby the fair value of the stock options at the date of grant is recorded as compensation cost over the vesting period. The fair value is determined using an option-pricing model that takes into account the exercise price and expected life of the option, the current price of the underlying stock, its expected volatility, the expected dividends on the stock, and the current risk-free interest rate for the expected life of the option.

2. Summary of significant accounting policies (continued)

m) Government incentives

Through its exploration in Newfoundland and Labrador, the Company has benefited from grants. These incentives are not repayable provided that the Company meets the requirements of the agreement, the most significant of which is that the incentives apply to qualifying expenditures. Qualifying expenditures are defined broadly within the agreement as all reasonable expenses for contracted services, machinery rental, transportation of machinery, personnel and supplies or other approved costs in connection with the Taylor Brook and Viking exploration programs respectively. The incentives reduce the mineral property costs to which they pertain in the year that the qualifying exploration expenditures are incurred or when eligibility becomes apparent if this is later. These government incentives are subject to review by the relevant granting authorities, and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the period during which the final grant payment amount is assessed by the governing agency.

3. Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid Canadian dollar denominated investments in bankers' acceptances, with terms to maturity of 90 days or less when acquired. The counter-parties are financial institutions.

Restricted cash

At September 30, 2009 unexpended proceeds from flow-through share issuances in the amount of $280,500, (2008 - $100,000), that are restricted for use on qualifying exploration expenditures are included in cash and cash equivalents. The restricted cash held on September 30, 2008 was fully expended on qualifying expenditures by September 30, 2009. The Company is committed to expend the restricted cash held on September 30, 2009 on qualifying exploration expenditures by December 31, 2010.

4. Other Assets

	2009	2008
Environmental deposits	$ -	$ 3,065
Refundable claim deposits	-	61,200
	$ -	$ 64,265

The environmental deposits pertained to the mineral exploration properties in Nevada that were abandoned. A portion of the deposits was refunded during the year ended September 30, 2008 and the remainder was refunded during the year ended September 30, 2009. The claim deposits were paid in connection with the staking of claims on Taylor Brook, Newfoundland where a portion of the claim payment is refundable if sufficient exploration work is completed within the first year. As sufficient expenditures were not incurred by the deadline, these costs of staking the claims were reclassified to acquisition costs for Taylor Brook.

5. Mineral properties and equipment

Year ended September 30, 2009	Total	Newfoundland & Labrador Taylor Brook	Viking
Exploration expenditures:			
Cumulative exploration costs to Sept. 30, 2008	$ 659,920	$ 441,861	$ 218,059
Geological consulting	195,837	4,250	191,587
Drilling	381,928	-	381,928
Travel and accommodation	22,596	-	22,596
Field	33,730	187	33,543
Geochemical	73,595	273	73,322
Geophysical	8,964	-	8,964
Equipment rental	17,178	-	17,178
Trenching and road preparation	60,723	-	60,723
Air support	4,024	-	4,024
Asset retirement provision	14,400	-	14,400
Government grant accruals and adjustments	(72,721)	12,657	(85,378)
Cumulative exploration costs to September 30, 2009	**1,400,174**	**459,228**	**940,946**
Property acquisition costs:			
Cumulative acquisition costs to September 30, 2008	160,723	101,240	59,483
Acquisition costs incurred	148,433	111,200	37,233
Cumulative acquisition costs to September 30, 2009	**309,156**	**212,440**	**96,716**
Total mineral properties September 30, 2009	**$ 1,709,330**	**$ 671,668**	**$ 1,037,662**
Equipment at cost	34,400		
Accumulated amortization	(13,566)		
Total mineral properties and equipment Sept. 30, 2009	**$1,730,164**		

Year ended September 30, 2008	Total	Newfoundland & Labrador Taylor Brook	Viking	Other Properties
Exploration expenditures:				
Cumulative exploration costs to Sept. 30, 2007	$ 121,647	$ 78,067	$ 43,580	$ -
Geological consulting	160,998	64,358	92,390	4,250
Drilling	334,114	334,114	-	-
Trenching	59,156	-	59,156	-
Travel and accommodation	46,166	16,947	29,219	-
Equipment rental	13,550	6,893	6,657	-
Field	25,787	11,218	14,569	-
Geochemical	27,960	15,600	12,360	-
Geophysical	23,674	17,164	2,510	4,000
Air support	5,118	-	5,118	-
Government grant accruals	(155,000)	(100,000)	(55,000)	-
Asset retirement obligation	5,000	(2,500)	7,500	-
Write-down of mineral properties	(8,250)	-	-	(8,250)
Cumulative exploration costs to Sept. 30, 2008	**659,920**	**441,861**	**218,059**	**-**
Property acquisition costs:				
Cumulative acquisition costs to Sept. 30, 2007	54,313	29,000	25,313	-
Acquisition costs incurred	106,410	72,240	34,170	-
Cumulative acquisition costs to Sept. 30, 2008	**160,723**	**101,240**	**59,483**	**-**
Total mineral properties Sept. 30, 2008	**$ 820,643**	**$ 543,101**	**$ 277,542**	**$ -**
Equipment at cost	34,400			
Accumulated amortization	(4,637)			
Total mineral properties and equipment Sept. 30, 2008	**$ 850,406**			

5. Mineral properties and equipment (continued)

Newfoundland and Labrador, Canada

Taylor Brook

During the year ended September 30, 2007 the Company entered into an option agreement to acquire an interest in the Taylor Brook nickel/copper/cobalt/platinum group elements prospect located in Northwestern Newfoundland. The Company may earn a majority interest in the project by issuing 500,000 common shares, paying $200,000 cash, or alternatively issuing the equivalent market value of its common shares at its election, and spending $1,200,000 on exploration over four years. Upon earn-in, and at the vendor's election, the Company will either form a joint venture with the vendor, with the Company participating at 51% and the vendor 49%, or the Company will acquire a 100% interest subject to a sliding scale net smelter returns royalty of 1.5% to 3.5% based on the price of nickel, or the Company will earn 51% with the option of increasing to 70% by spending an additional $4 million on exploration. The property has a 2% net smelter return royalty, half of which can be bought back for $1 million.

The scheduled share and cash payments as well as the minimum cumulative exploration expenditures that must be incurred in order to earn the minimum 51% interest are as follows:

Date	Number of Shares	Cash payments or equivalent value of shares	Minimum Cumulative Expenditures
Mar. 26, 2007 (issued)	200,000	$ -	$ -
Mar. 19, 2008 (issued/incurred)	300,000	$ -	$ 200,000
Mar. 19, 2009 (issued shares for payment / incurred)	-	$ 50,000 *	$ 400,000
Mar. 19, 2010	-	$ 70,000	$ 700,000
Mar. 19, 2011	-	$ 80,000	$ 1,200,000
	500,000	$ 200,000	

* The cash commitment was settled through the issuance of 476,190 common shares with a value of $50,000 in accordance with the terms of the agreement.

Viking

During the year ended September 30, 2007 the Company entered into an option agreement to acquire a majority interest in the Viking gold property in western Newfoundland by issuing 1,115,000 shares of the Company and spending $1,200,000 on exploration over four years. Upon earn-in, and at the vendor's election, the Company will either form a joint venture with the vendor, with the Company participating at 51% and the vendor 49%, or the Company will acquire a 100% interest subject to a sliding scale net smelter returns royalty of 2% to 4% based on the price of gold, or the Company will earn 51% with the option of increasing to 70% by spending an additional $4 million on exploration. The Company was also required to make a cash payment of $15,000 to the underlying property holder during fiscal 2008.

The scheduled share and cash payments as well as the minimum cumulative exploration expenditures that must be incurred in order to earn the minimum 51% interest are as follows:

Date	Number of Shares	Cash payment	Minimum Cumulative Expenditures
July 16, 2007 (Issued)	90,000	$ -	
February 24, 2008 (paid)	-	$ 15,000	
July 5, 2008 (issued)	135,000	$ -	$ 140,000*
July 5, 2009 (issued)	225,000	$ -	$ 350,000*
July 5, 2010	310,000	$ -	$ 600,000*
July 5, 2011	355,000	$ -	$ 1,200,000*
	1,115,000	$ 15,000	

*Subsequent to year end the Company notified the vendor that it had incurred the minimum $1,200,000 cumulative expenditures.

Mineral property write-offs

Mineral property costs written-off during fiscal 2008 pertained to properties that were investigated and those that were formerly written-off and revisited, but for which a decision was made not to pursue further exploration.

6. Asset Retirement Obligation

Changes in the asset retirement obligation for the years ended September 30 are as follows:

	2009	2008
Balance, beginning of year	**$ 9,100**	$ 6,759
Change in retirement accrual	**14,400**	7,500
Restoration costs incurred	**-**	(5,959)
Accretion	**875**	800
Balance, end of year	**$ 24,375**	$ 9,100

The Company completed the restoration of the Nevada mineral property sites during the year ended September 30, 2008. As at September 30, 2009, the Company has recorded $24,375 for costs to restore the Taylor Brook and Viking, Newfoundland & Labrador properties. The Taylor Brook and Viking costs were based on expected payments of $26,000 two years in the future, inflation adjusted and discounted at 12% per annum. Management believes that there are no other significant legal obligations as at September 30, 2009 for current and future asset retirement and restoration costs.

The ultimate amount of future restoration costs is uncertain; circumstances could arise over the years that would require material revisions to these estimated obligations. Changes in assumptions could have a material effect on the fair value of asset retirement obligations.

7. Capital Stock, Warrants and Contributed Surplus

a) Authorized

Unlimited number of common shares without par value

b) Issued

	Common shares		Contributed	Warrants	
	Number	Amount	Surplus	Number	Amount
Balance Sept. 30, 2007	**47,642,180**	**$9,902,399**	**$548,848**	**2,418,747**	**$132,781**
Private placement	3,623,468	526,000	-	964,513	78,000
Private placement issue costs	-	(6,478)	-	-	-
Warrants exercised	12,500	2,649	-	(12,500)	(649)
Stock-based compensation Note 9	-	-	109,000	-	-
Issued pursuant to mineral property option agreements	435,000	78,900	-	-	-
Stock options exercised	200,000	20,000	-	-	-
Balance Sept. 30, 2008	**51,913,148**	**$10,523,470**	**$657,848**	**3,370,760**	**$210,132**
Issued pursuant to mineral property option agreements	701,190	87,125	-	-	-
Private placements	9,312,918	941,925	-	4,656,455	198,000
Private placement issue costs	-	(84,434)	-	380,952	26,000
Warrants expired	-	-	132,132	(2,406,247)	(132,132)
Tax effect of flow-through renunciation	-	(200,000)	-	-	-
Balance Sept. 30, 2009	**61,927,256**	**$11,268,086**	**$789,980**	**6,001,920**	**$302,000**

2009

During September, 2009 the Company closed a non-brokered private placement of 1,332,833 units, (Common Units), at a price of $0.15 per Common Unit and 1,818,181 flow-through units, (FT Units), at a price of $0.165 per FT Unit for gross proceeds of $500,000. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of $0.22 per share until September 4, 2011. Each FT Unit consists of one common flow-through share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of $0.23 per share until

7. Capital Stock, Warrants and Contributed Surplus (continued)

b) Issued

2009

September 4, 2011. A total of 60,696 FT Units were issued to directors. The warrants attached to the private placement units were valued at $91,000 using the Black Scholes Option Pricing Model. The assumptions utilized in these calculations included volatility of 88%, a 2 year warrant life, a risk-free interest rate of 1.28% and a 0% dividend rate.

During March, 2009 the Company closed a non-brokered private placement of 1,400,000 units for gross proceeds of $140,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole purchase warrant may be exercised to acquire one common share at $0.15 per share to March 19, 2011. Directors or their direct family members subscribed to 350,000 of these units. The warrants attached to the private placement units were valued at $25,000 using the Black Scholes Option Pricing Model. The assumptions utilized in these calculations included volatility of 88%, a 2 year warrant life, a risk-free interest rate of 1.12% and a 0% dividend rate.

During December, 2008, the Company closed a private placement financing for gross proceeds before issue costs of $500,000. The financing was comprised of 4,761,904 Units, each unit of which was comprised of one flow-through common share and one-half of one common share purchase warrant. Each full common share purchase warrant may be exercised to acquire one common share at an exercise price of $0.20 to December 30, 2009 and at an exercise price of $0.25 from December 31, 2009 to December 30, 2010. In addition to cash finders' and due diligence fees aggregating $40,000, the Company issued 380,952 agents' warrants to the agents. Each agent's warrant may be exercised at $0.105 to acquire one common share and one-half of one broker warrant to December 30, 2010. Each whole broker warrant may be exercised to acquire one common share at a price of $0.20 per share to December 30, 2009 and a price of $0.25 per share from December 31, 2009 to December 30, 2010.

The warrants attached to the December, 2008 private placement units and the agents' warrants were valued at $82,000 and $26,000 respectively using the Black Scholes Option Pricing Model. The assumptions utilized in these calculations included volatility of 88%, a 2 year warrant life, a risk-free interest rate of 1.08% and a 0% dividend rate.

Exploration expenditures aggregating $800,000 were renounced to flow-through share investors during the year ended September 30, 2009. The $200,000 tax value associated with these resource expenditures reduced capital stock and was recognized as future income taxes payable. As the company has unrecognized future tax assets, this liability was extinguished through the recognition of a future tax recovery in the statement of net and comprehensive earnings (loss).

2008

During April, 2008 the Company completed a non-brokered private placement comprised of 1,694,439 flow-through shares at $0.18 per share and 1,929,029 units at $0.155 per unit for combined gross proceeds of $604,000. Each unit was comprised of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share at a price of $0.23 per share to April 2, 2010. The warrants issued pursuant to the private placement were valued at $78,000 and this value reduced the proceeds assigned to common shares. In valuing the warrants, the Company utilized the Black Scholes Option Pricing Model assuming volatility of 103%, a risk-free interest rate of 2.9%, a two year expected warrant life, and a 0% dividend rate. Officers and directors subscribed to 416,666 of the flow-through shares and 387,593 of the units.

7. Capital Stock, Warrants and Contributed Surplus (continued)

c) Stock options outstanding

Expiry	Number of shares 2009	Number of shares 2008	Exercise Price
August 1, 2011	625,000	625,000	$0.10
December 11, 2011	500,000	500,000	$0.10
May 8, 2012	-	100,000	$0.15
October 17, 2012	825,000	925,000	$0.22
	1,950,000	**2,150,000**	

The Company has an option plan (the Plan), under which up to 10% of the issued and outstanding common shares are reserved for issuance. Under the Plan, the options that have been granted expire at the earlier of five years from the grant date, the date at which the Directors determine, or 60 days from the date from which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All of the above-noted outstanding options vested on the grant date.

d) Stock option transactions

	Number of options	Weighted Average exercise price
Balance September 30, 2007	1,425,000	$0.10
Exercised	(200,000)	$0.10
Granted	925,000	$0.22
Balance September 30, 2008	2,150,000	$0.15
Expired *	(200,000)	$0.185
Balance September 30, 2009	1,950,000	$0.15

*Options expired within the time period specified by the option agreement upon the resignation of an officer.

e) Warrant transactions and warrants outstanding
2009

	Balance Sept. 30, 2008	Warrants Issued	Warrants Expired	Balance Sept. 30, 2009
Warrants exercisable at $0.16, expiring May 2, 2009	2,197,914	-	(2,197,914)	-
Finders' warrants exercisable at $0.12, expiring May 2, 2009	208,333	-	(208,333)	-
Warrants exercisable at $0.23, expiring Apr. 2, 2010	964,513	-	-	964,513
Warrants exercisable at $0.20 to Dec. 30, 2009 and $.25 thereafter to their expiry on Dec. 30, 2010	-	2,380,951	-	2,380,951
Agent's warrants exercisable at $0.105 expiring Dec. 30, 2010	-	380,952	-	380,952
Warrants exercisable at $0.15 expiring Mar. 19, 2011	-	700,000	-	700,000
Warrants exercisable at $0.22 expiring Sept. 4, 2011	-	666,416	-	666,416
Warrants exercisable at $0.23 expiring Sept. 4, 2011	-	909,088	-	909,088
TOTAL	3,370,760	5,037,407	(2,406,247)	6,001,920

7. Capital Stock, Warrants and Contributed Surplus (continued)

e) Warrant transactions and warrants outstanding

Of the total warrants outstanding at September 30, 2009, all but the Agent's warrants may be exercised to acquire an equal number of common shares at the price indicated. The Agent's warrants allow the purchase of 380,952 units comprised of 380,952 common shares and 190,476 Brokers' warrants. Each Broker's warrant may be exercised to acquire one common share at $0.20 per share to December 30, 2009 or $0.25 per share from December 31, 2009 to December 30, 2010.

2008

	Balance Sept. 30, 2007	Warrants Issued	Warrants Exercised	Balance Sept. 30, 2008
Warrants exercisable at $0.16, expiring May 2, 2009	2,210,414	-	(12,500)	2,197,914
Finders' warrants exercisable at $0.12, expiring May 2, 2009	208,333	-	-	208,333
Warrants exercisable at $0.23, expiring April 2, 2010	-	964,513	-	964,513
TOTAL	2,418,747	964,513	(12,500)	3,370,760

8. Financial instruments

The following summarizes the carrying values of the various financial instrument categories:

Category	**Carrying value Sept. 30, 2009**	**Carrying value Sept. 30, 2008**
Held for trading (Cash and Cash Equivalents)	$ 647,347	$ 403,333
Loans and receivables (Accounts and grants receivable)	$ 120,695	$ 161,709
Other financial liabilities (Accounts payable and accrued liabilities and Due to related parties)	$ 182,893	$ 60,556

Loans and receivables and other financial liabilities are carried at amortized cost which approximates fair value and cost due to the short-term nature of the instruments. Held for trading investments are carried at fair value which approximates cost due to their short-term nature. The average interest rate on outstanding cash and cash equivalent balances was 0.024% at September 30, 2009.

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest or credit risks arising from these financial instruments. The value of cash and cash equivalent investments denominated in US dollars fluctuate with changes in currency exchange rates. Appreciation of US dollar currencies results in a foreign currency gain on such investments and a decrease in US dollar currencies results in a loss. The Company had minimal US fund balances throughout the year ended September 30, 2009 and had no US dollar denominated cash or investment balances at September 30, 2009. Consequently, variations in exchange rates will not result in material foreign exchange gains or losses at this point in time.

9. Stock-based compensation

Included in fiscal 2009 general and administrative expenses is stock based compensation in the amount of $Nil, (2008 - $109,000). The fair value of the compensation was determined using the Black-Scholes Option Pricing Model using the following information and assumptions:

	2008
Number of options granted	925,000
Weighted average exercise price	$0.22
Weighted average expected stock price volatility	99%
Weighted average risk-free interest rate	4.17%
Expected option life	2 years
Expected dividend yield	-

10. Income Taxes

a) Following is a reconciliation of income taxes calculated at statutory rates to the actual income taxes recorded in the accounts:

	2009	2008
Computed expected tax recovery at a combined rate of 29% (2008 – 30%)	$ (85,000)	$(106,000)
Permanent differences and other	(12,000)	29,000
Change in valuation allowance	(343,000)	(174,000)
Loss expiry	40,000	24,000
Change in tax rate	200,000	227,000
Future income tax recovery	**$ (200,000)**	**$ -**

b) The net future income tax asset at September 30, 2009 and 2008 is comprised of:

	2009	2008
Income tax values in excess of book value of mineral properties	$1,263,000	$1,635,000
Share issue costs and other	27,000	11,000
Losses carried forward	281,000	268,000
Future income tax asset before valuation allowance	1,571,000	1,914,000
Valuation allowance	(1,571,000)	(1,914,000)
Future income tax asset	**$ -**	**$ -**

c) The Company has incurred Canadian losses for income tax purposes of approximately $1,123,000. Unless sufficient taxable income is earned in future years these losses will expire as follows:

2010	$116,000	2027	$172,000
2014	$ 74,000	2028	$242,000
2015	$ 99,000	2029	$312,000
2026	$108,000		

d) As at September 30, 2009, the Company has available the following approximate Canadian tax amounts which may be deducted, at the rates indicated, in determining taxable income of future years.

	Amount	Rate
Canadian exploration expenses	$4,084,000	100%
Canadian development expenses	1,729,000	30%
Foreign exploration and development expenses	328,000	10%
Undepreciated capital cost	46,000	20%-30%
	$6,187,000	

11. Related Party Transactions

During the year ended September 30, 2009, the Company was billed $19,900, (2008 - $12,200), for its share of base office lease costs and $17,300, (2008 - $23,300), for its share of lease operating and general and administrative costs, by a company related by virtue of certain common officers and directors. In the comparative period a company related by virtue of common officers and/or directors, billed the Company for its share of general and administrative costs and allocated secretarial salaries. The total billed for the year ended September 30, 2008 was $19,600. Officers of the Company billed $138,300,(2008 - $193,700), for their consulting services rendered during the year ended September 30, 2009, either personally or through their corporate employers. Related party payables at September 30, 2009 and September 30, 2008 related to unpaid consultants' billings and general and administrative and secretarial billings as applicable.

Related party transactions were in the normal course of operations and were measured at the exchange amount which is the amount of consideration established and agreed to by the related parties. (See also note 7(b))

12. Commitments

Pursuant to sublease agreements, as amended, with a company related by virtue of certain common officers and directors, the Company is committed to pay its share of lease operating costs and base lease expenses. The committed base lease costs for the ensuing five fiscal years are as follows:

each of 2010 and 2011	$19,900
2012	$ 5,000

In addition, the Company is committed to pay its share of annual associated lease operating costs, which are expected to aggregate $ 15,000 for the year ended September 30, 2010.

See also Note 5 regarding mineral property acquisition commitments.

13. Segment disclosures

While in past years the Company had undertaken mineral exploration in the United States, during the years ended September 30, 2009 and September 30, 2008 all mineral exploration activities were undertaken in Canada. Virtually all expenditures were incurred in Canada during both fiscal years. Consequently segmented information is not presented in the current year.

14. Capital

The Company's objective when managing capital is to continue as a going concern so that it can provide value to shareholders by acquiring and conducting exploration on mineral exploration properties with the ultimate objective of finding commercial quantities of base and/or precious metals. Capital is defined as Capital Stock, Warrants, Contributed Surplus and Deficit. The Company has traditionally financed through equity issues rather than debt and does not anticipate using debt to finance its continuing grass roots exploration. Should the Company evolve to the point where it is developing or operating a mine, debt options would be investigated.

The Company will raise equity as cash flow requirements dictate and will attempt, when able, to time financings with more favorable market conditions. The Company can scale back exploration, and to a certain extent, discretionary administrative costs during tighter equity markets. The Company invests capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances.

The externally imposed capital requirement that the Company is exposed to relates to flow-through shares. Pursuant to flow-through agreements entered into with flow-through share subscribers, the Company has committed to use the full proceeds of these issuances to incur qualifying mineral exploration expenditures within a prescribed time frame. Should the Company not incur these expenditures, they are required to pay the flow-through subscribers an amount equal to the tax payable by the subscriber as a result of the Company's failure to incur the expenditures. As indicated in note 3, as at September 30, 2009, the Company is required to incur a further $280,500 of qualifying exploration expenditures by December 31, 2010.

15. Financial Risk Management

a) Credit Risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of related party receivables, Government grant receivables, GST input tax credits and cash held in bankers' acceptances. The Company has had a history of prompt payment of their receivables and considers credit risk to be low on these instruments as at September 30, 2009.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they are due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to carry it through the end of its 2010 fiscal year, however increases in activity levels, new property acquisitions or expanded exploration budgets, would require more immediate financing. Refer also to Note 1, continuance of operations.

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. There were no material foreign currency denominated transactions during the year and the Company did not hold material cash balances in foreign currencies. As a result the Company was not exposed to significant foreign currency exchange risks during the year or as at September 30, 2009. As the Company has not yet developed producing mineral interests, it is not exposed to commodity price risk at this time. As the Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time.

16. Seasonality and Cyclicality

The Company incurs substantially all of its Canadian mineral exploration expenditures during spring, summer and fall. The Nevada properties were not limited by winter weather and consequently fiscal 2007 U.S. exploration occurred during the winter months.

NORTHERN ABITIBI MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

The information included in this document should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2009 and related notes thereto. The financial information in this Management Discussion and Analysis, (MD&A), is derived from the Company's financial statements prepared in accordance with Canadian Generally Accepted Accounting Principles. The effective date of this MD&A is November 19, 2009. All dollar amounts are in Canadian Dollars unless otherwise stated.

Statements and/or financial forecasts that are unaudited and not historical, including without limitation, exploration budgets, data regarding potential mineralization, exploration results and future plans and objectives, are to be regarded as forward-looking statements that are subject to risks and uncertainties that can cause actual results to differ materially from those anticipated. Such risks and uncertainties include risks related to the Company's business including, but not limited to: general market and economic conditions, limited operating history, continued industry and public acceptance, regulatory compliance, potential liability claims, additional capital requirements and uncertainty of obtaining additional financing and dependence on key personnel. Actual exploration and administrative expenditures can differ from budget due to unforeseen circumstances, changes in the market place that will cause suppliers' prices to change, and additional findings that will dictate that the exploration plan be altered to result in more or less work.

All forward-looking information is stated as of the effective date of this document, and is subject to change after this date. There can be no assurance that forward-looking information will prove to be accurate and future events and actual results could differ materially from those anticipated.

1) Principal Business of the Company

Northern Abitibi Mining Corp., (the Company), trading as NAI on the TSX.V, including its wholly owned subsidiary, NAMCOEX Inc., is engaged exclusively in the business of mineral exploration and development and, as the Company has no mining operations and no earnings therefrom, is considered to be in the development stage. The recoverability of the amounts comprising mineral properties 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. The Company's philosophy is to acquire projects at the grass roots level and advance them to a point where partners can be brought in to further the properties to the stage where a mine is commercially feasible or the property can be sold outright.

The Company has no operating income and no earnings; exploration and operating activities are financed by the sale of common shares and warrants. None of the Company's properties are in production. Consequently, the Company's net income is a limited indicator of its performance or potential.

2) Highlights – year ended September 30, 2009

a) In late October, 2008 the Company completed a drill program designed to explore the Viking Discovery at depth and begin testing the deposit potential of the area. A total of 10 holes and 575 meters of core were drilled. The Viking drilling tested the Thor Vein as well as the Odin Zone and zones of lower grade mineralization surrounding the Thor Vein. Drill results from the Thor Vein ranged from 16.12 grams per tonne, (g/t), gold over 3.8 meters to 218.79 g/t gold over 0.5 meters, with an average, based on 4 drill intercepts, of 50 g/t gold over 2.2 meters. Results from the lower grade mineralization surrounding the Thor vein included 23 meters grading 5.12 g/t gold. Results from the Odin Zone included 1.6 meters grading 16.07 g/t gold.

2) Highlights – the year ended September 30, 2009 (continued)

b) On December 30, 2008, the Company completed a $500,000 flow-through financing.

c) On March 19, 2009, the Company closed a non-brokered private placement for gross proceeds of $140,000.

d) In June, 2009 to October, 2009, the Company excavated 15 trenches on the Viking property and results from two grab samples taken 85 meters north of the high grade Thor vein included 57.8 and 120.1 g/t gold. Further two grab samples from sulfide bearing quartz veins taken 285 meters south of the Thor vein returned between 83.0 and 148.1 g/t gold. Mineralization in bedrock has been traced over a strike length of 1000 meters with the zone remaining open along strike in all directions.

e) The Company collected an additional 140 samples from previously unsampled 2008 drill core in zones with potential for additional gold mineralization. This sampling helped define the boundaries of mineralization, especially within the low grade potentially bulk minable halos surrounding high grade zones. It has also identified new zones of high grade mineralization, including 11.3 g/t gold over 0.5 meters, 6.6 g/t gold over 0.7 meters, and 6.1 g/t gold over 0.6 meters.

f) During the months of June, 2009 through October, 2009 the Company undertook and completed a 3612.6 meter, 35 hole, drilling program on Viking. The Company has intersected gold mineralization along the Thor Trend over a 1000 meter strike length through drilling and trenching combined. Results of the summer/fall 2009 program included 136 g/t over 0.5 meters and 7.9 g/t over 27 meters from hole 23.

g) During August, 2009, a high resolution airborne magnetic survey was completed over the Viking property, significantly expanding the known lateral extent of the Thor trend and highlighting several additional areas prospective for gold mineralization.

h) During September, 2009, the Company completed a private placement comprised of flow-through and non-flow-through units, for gross proceeds of $500,000.

3) Mineral Properties

Taylor Brook, Newfoundland and Labrador, Canada

During the year ended September 30, 2007 the Company entered into an option agreement to acquire an interest in the Taylor Brook nickel/copper/cobalt/PGE prospect located in Northwestern Newfoundland. The Company may earn a majority interest in the project by issuing 500,000 common shares, all of which have been issued to date, paying $200,000 cash, (issued shares in satisfaction of $50,000 to date),or alternatively issuing the equivalent market value of its common shares at its election, and spending $1,200,000 on exploration over four years. Upon earn-in, and at the vendor's election, the Company will either form a joint venture with the vendor, with the Company participating at 51% and the vendor 49%, or the Company will acquire a 100% interest subject to a sliding scale net smelter returns royalty of 1.5% to 3.5% based on the price of nickel, or the Company will earn 51% with the option of increasing to 70% by spending an additional $4 million on exploration. The property has a 2% net smelter returns royalty, half of which can be bought back for $1 million.

The Taylor Brook property is located in a relatively unexplored region that has excellent access via a network of logging roads. In 1998, sulfide occurrences were discovered in road cuts on the property and further exploration lead to the discovery of high grade mineralization described as the Layden showing. The company that has optioned the property to Northern Abitibi conducted a high resolution Aero TEM II airborne geophysical survey over the property in 2006 and numerous conductive and magnetic targets have been identified. The survey identified four significant airborne conductors that occur immediately adjacent to the high grade Layden showing. The largest of these conductors is about 600 meters by 100 meters in size.

In March, 2008 the Company conducted a downhole pulse electromagnetic survey on two drill holes. Preliminary data was utilized to determine certain of the drill targets for the program that was undertaken in May, 2008. The drilling, comprised of 9 holes and approximately 1,400 meters, was extremely successful in discovering sulfide zones, identifying new areas of nickel/copper mineralization, and outlining a new highly prospective emerging nickel district.

3) Mineral Properties (continued)

Taylor Brook, Newfoundland and Labrador, Canada

During the Company's 2008 drill program, five separate occurrences of sulfides were intersected and four of the five sulfide zones contained nickel/copper/cobalt mineralization associated with mafic to ultramafic host rocks. The four zones of nickel/copper/cobalt mineralization occurred within an area exceeding 300 meters by 800 meters, and all four zones remain open for expansion and delineation. All of the airborne geophysical conductors drill-tested during this program contained sulfides providing an excellent correlation between airborne geophysical conductors and sulfide bodies. The property contains two additional airborne geophysical conductors that have not yet been drill-tested. Given the success of the drilling program and the usefulness of the airborne geophysics in sulfide target detection, the company staked an additional 1024 claims surrounding the Taylor Brook property to secure a large land position in this highly prospective emerging nickel belt. A geophysical survey on Taylor Brook would be a logical next phase in exploration. Management is investigating opportunities to option the property to a third party to allow for further exploration, without an immediate cash requirement for the Company.

Viking, Newfoundland and Labrador, Canada

During the year ended September 30, 2007 the Company entered into an option agreement to acquire a majority interest in the Viking gold property in western Newfoundland by issuing 1,115,000 shares of the Company, (issued 450,000 shares to date), and spending $1,200,000, (expended full amount to date), on exploration over four years. The Viking property has excellent access and local infrastructure, with a paved highway and power line located less than one kilometre from the project. The Company has notified the vendor of the property of the completion of required expenditures. Upon acceptance of these expenditures, the issuance by the Company of 665,000 of its common shares and submission of a technical report, the vendor may elect one of three options that will govern their relationship and property interests going forward. The Company will either 1) form a joint venture with the vendor, with the Company participating at 51% and the vendor 49%, or 2) the Company will acquire a 100% interest subject to a sliding scale net smelter returns royalty of 2% to 4% based on the price of gold, or 3) the Company will earn 51% with the option of increasing to 70% by spending an additional $4 million on exploration.

The property contains a series of mesothermal style quartz veins and stockworks hosted in Precambrian intrusive rocks. Mineralization consists of pyrite-chalcopyrite-galena-sphalerite and locally visible gold in silica-carbonate altered zones. Two large gold-in-soil anomalies have been defined on the property. Historic exploration included three drill holes that encountered large intervals of highly altered granite with anomalous gold grades, but failed to intersect the large quartz veins occurring as boulders on surface. Sixteen historical grab samples from outcrop and quartz boulders from the eastern soil anomaly of the property returned gold values ranging from trace to 42.8 grams per tonne, averaging 8 grams per tonne.

In October, 2007 the Company conducted a trenching program focused on large zones containing well-defined gold in soil anomalies and zones with high grade gold in rocks. The trenching program uncovered four zones containing high-grade mineralization with gold values ranging from 8.5 to 246.6 grams per tonne occurring over an area exceeding 1,500 meters in strike length, confirming the potential for a large, high-grade, gold vein system.

The second phase exploration program with a budget of approximately $127,000 and actual costs of approximately $115,000, was completed in late July, 2008. This phase included a major trenching program of twenty additional trenches identifying six new zones of alteration and quartz sulphide veining in bedrock. The results of the 243 rock samples were reported in a news release dated September 8, 2008. The trenching program resulted in the discovery of four new zones of bedrock hosted high grade gold mineralization with grades ranging from 7.7 to 335.4 grams per tonne gold. The trenching of the mostly unexplored, gold-in-soil anomaly confirmed that both high and low grade gold mineralization was found in bedrock over an area approaching 3 kilometres.

3) Mineral Properties (continued)

Viking, Newfoundland and Labrador, Canada

The Company commenced their first drilling program on the Viking property in early October, 2008. The 10 hole, 575 meter drill program was designed to test several high grade gold zones at trenches 1, 7, 9 and 14 that were discovered during the trenching program. Drilling was completed at the end of October. Holes 1 to 5 tested the Thor Vein and holes 6 to 9 tested the Odin Vein which is located 70 meters south of the Thor Vein. Hole 10 was located 310 meters south of the Odin Vein.

Four drill holes directly tested the high grade Thor Vein, a zone of quartz-sulfide veins which is exposed on surface and is continuous to the depths drilled. Drill results from the Thor Vein ranged from 16.12 grams per tonne, (g/t), gold over 3.8 meters, (m), to 218.79 g/t gold over 0.5 m. Several zones of lower grade mineralization surrounding the Thor Vein were drilled with results including 23 m grading 5.12 g/t gold, 10.8 m grading 2.43 g/t gold, 22 m grading 1.91 g/t gold and 16.8 m grading 1.54 g/t gold. Additional zones of mineralization were encountered at the Odin Zone located 70 m south of the Thor Vein. Drilling results from the Odin Zone included 1.6 m grading 16.07 g/t gold, 1.6 m grading 9.84 g/t gold, 1.3 m grading 6.07 g/t gold, 0.6 m grading 7.58 g/t gold and 14.0 m grading 1.73 g/t gold.

The Company utilized the December, 2008 flow-through share proceeds in the trenching, mapping, and drill program. The trenching program commenced during the latter part of May, 2009, with drilling commencing in late June, 2009. The Company also received approval for a Newfoundland exploration grant that will contribute up to $100,000 of the exploration costs based upon payment of one-half of qualifying expenditures.

Trenching during 2009 has indicated mineralized widths up to 35 meters or more, and surface sampling has demonstrated strong gold mineralization occurs along the known strike length. The trenching program has had excellent success in expanding and defining a north-south oriented zone of mineralization associated with the Thor Trend. Two new areas of high grade gold mineralization were uncovered in new trenches and road cuts. One of the new discoveries is located 85 meters north of the high grade Thor vein. Two grab samples from a sulfide bearing quartz vein from this zone have returned 57.8 and 120.1 g/t gold. A second zone has been discovered 285 meters south of the Thor vein. Two grab samples from sulfide bearing quartz veins from this zone have returned between 83.0 and 148.1 g/t gold. These veins occur within a 20 to 30 meter wide zone of intense sericite-quartz-carbonate altered rock, and a grab sample of this altered wall rock contained 9.1 g/t gold.

During 2009 the Company collected an additional 140 samples from previously unsampled 2008 drill core in zones with potential for additional gold mineralization. This sampling helped define the boundaries of mineralization, especially within the low grade potentially bulk minable halos surrounding high grade zones. It has also identified new zones of high grade mineralization, including 11.3 g/t gold over 0.5 meters, 6.6 g/t gold over 0.7 meters, and 6.1 g/t gold over 0.6 meters.

The 35 hole, 3612.6 meter, drilling program commenced on Viking in the last week of June, 2009 and concluded in October, 2009. To date assay results have been received for all 35 drill holes, (holes 09VK-11 to 09VK-45). The Company has intersected gold mineralization in drilling along the Thor Trend over a 600 meter long strike length. Highlights of the drill results included 45.5 g/t gold over 1 meter and 18.4 g/t over 4.3 meters from holes 11 to 14; 37.5 g/t gold over 1.2 meters and 4.1 g/t gold over 18.2 meters from holes 14 to 21; 136 g/t gold over 0.5 meters and 7.9 g/t gold over 27 meters from holes 22 to 25; 12.5 g/t gold over 0.3 meters from holes 26 to 29; 16.7 g/t gold over 5.1 meters and 2.7 g/t gold over 23.8 meters from holes 30 to 32; 27.7 g/t gold over 0.6 meters and 1.5 g/t gold over 27.6 meters from holes 33 to 39 and 21.9 g/t gold over 0.7 meters and 1 g/t gold over 31.3 meters from holes 40 to 45.

4) Operating Results

Year ended September 30, 2009 compared to year ended September 30, 2008

A summarized statement of operations appears below to assist in the discussion that follows:

Year ended September 30	2009	2008
General and administrative expenses	$ (217,405)	$ (281,067)
Reporting to shareholders	(22,237)	(37,198)
Professional fees	(34,915)	(30,934)
Stock exchange and transfer agent fees	(11,725)	(11,438)
Interest income	3,088	20,805
Amortization of capital assets	(8,929)	(4,637)
Accretion of asset retirement obligation	(875)	(800)
Write-down of mineral properties	-	(8,250)
Future income tax recovery	200,000	-
Net and comprehensive loss	$ (92,998)	$ (353,519)

The decrease in interest income related to lower average cash balances and lower interest rates during the current year. The increase in amortization of capital assets was due to the acquisition of capital assets in the latter portion of the year ended September 30, 2008. The mineral property write-downs in the comparative period pertained to costs to investigate properties that were not previously carried on the books and were not acquired. The current period future income tax recovery of $200,000 pertained to the tax effect of flow-through share renunciations. The tax effect was recognized in the period in which the tax benefits were renounced to the shareholders. Since the Company had unrecognized tax benefits, a tax recovery was recorded to offset the future tax liability that would have been recorded in conjunction with the reduction in capital stock. Reporting to shareholder costs decreased approximately $15,000 due primarily to a sharp decline in printing costs associated with a decrease in the number of financial statements that had to be printed and distributed as well as a resultant decrease in postage.

The following summarizes the major expense categories comprising general and administrative expenses for the year ended September 30, 2009 and September 30, 2008 respectively:

Year ended September 30	2009	2008
Administrative consulting fees	$ 54,896	$ 70,215
Stock-based compensation	-	109,000
Investor relations	7,000	-
Occupancy costs	34,289	22,861
Office, secretarial and supplies	41,579	23,922
Website maintenance and networking	3,148	2,692
Travel and promotion	17,143	23,665
Directors' fees	3,800	6,479
Financing fee	28,500	-
Part XII.6 tax	7,500	-
Insurance	19,550	22,233
Total	$ 217,405	$ 281,067

General and administrative expenses decreased approximately $64,000 from the prior period. The bulk of the decrease was attributable to a decrease in stock-based compensation of $109,000. There were no stock options granted during the year ended September 30, 2009 while 925,000 options were granted in the comparative period. Details of the calculation of the compensation expense are provided in note 9 to the financial statements. Administrative consulting costs decreased approximately $15,000. The second and third quarters of the 2009 fiscal year reflected the biggest decrease as a result of the Company conserving cash and limiting administrative activities prior to its latter two financings.

The investor relations costs incurred in the current period of $7,000 pertained to payment for electronic dissemination of two news releases and the inclusion of Company information in the mining section of an online newspaper, including posting the Company's news releases. Occupancy costs increased because,

4) Operating Results (continued)

Year ended September 30, 2009 compared to the year ended September 30, 2008

effective October, 2008, the Company's office sublease was increased as a reflection of its increased office space utilization associated with the increase in corporate activity. Office, secretarial and supplies increased primarily due to the secretarial charges associated with the administrative requirements of the financings completed in December, 2008, March, 2009 and September, 2009 and the greater number of news releases in the current year. Directors' fees in the prior period included a one-time payment in recognition of prior service aggregating $3,779. In addition, outside directors who attend meetings are paid $500 for attendance in person and $300 by telephone. The current period directors' fees pertained to meeting attendance by two outside directors at the aforementioned rates.

Travel and promotion decreased compared to the prior period due to the fact that the Company did not have a booth at the Vancouver Round-up or at the Toronto Prospectors and Developers Association of Canada, (PDAC), conferences in the current period, while they did in the previous period and the fact that the number of days attended was reduced. The financing fee of $28,500 represented a non-refundable fee that was paid to an independent third party to arrange a financing for the Company on a "best efforts" basis. These costs would have offset any finders' fees associated with a consummated financing. Because a financing was not completed by this party, the full fee was expensed in the period. The $7,500 Part XII.6 tax pertains to flow-through exploration expenditures that were renounced in calendar 2008 but were not expended on qualifying exploration expenditures until calendar 2009. The tax is effectively an interest charge levied pursuant to the Canadian Income Tax Act on unexpended flow-through proceeds. The amount of Part XII.6 tax reported above represents an accrual to September 30, 2009. Insurance costs decreased as the Company was able to obtain lower premiums through a different carrier.

The following summarizes the components of professional fees included in the statement of earnings:

Year ended September 30	**2009**	**2008**
Legal and filing fees	$ 14,688	$ 7,002
Tax preparation fees	-	1,995
Audit fees	20,227	21,937
Total	$ 34,915	$ 30,934

The increase in legal and filing fees pertained primarily to filing fees associated with the increased number of news releases in the current year compared to the prior year as well as legal fees associated with advice sought regarding flow-through share reporting.

Three months ended September 30, 2009 compared to three months ended September 30, 2008

Three months ended September 30	**2009**	**2008**
General and administrative expenses	$ (43,431)	$ (31,761)
Reporting to shareholders	899	(3,633)
Professional fees	(25,701)	(23,748)
Stock exchange and transfer agent fees	(2,524)	(2,511)
Interest income	137	3,286
Amortization of capital assets	(2,232)	(2,580)
Mineral property write-down	-	(4,000)
Net and comprehensive loss	$ (72,852)	$ (64,947)

The decrease in interest income related to lower average cash balances and lower interest rates in the current period. The recovery in Reporting to Shareholders in the current period represents a postage adjustment. Timing of incurring Reporting to Shareholder costs can vary somewhat from year-to-year, but should be concentrated in the third quarter. Mineral property write-downs vary from period to period. The prior year write-off represented investigation costs for a potential mineral property that was not acquired.

4) Operating Results (continued)

Three months ended September 30, 2009 compared to three months ended September 30, 2008

The following summarizes the major expense categories comprising general and administrative expenses for the three months ended September 30, 2009 and September 30, 2008 respectively:

Three months ended September 30	2009	2008
Administrative consulting fees	$ 10,461	$ 11,437
Occupancy costs	8,517	5,122
Office, secretarial and supplies	13,378	5,266
Networking/websites	1,253	314
Travel and promotion	1,411	3,197
Insurance	3,411	5,625
Investor relations	2,000	-
Directors' fees	2,000	800
Part XII.6 tax	1,000	-
Total	$ 43,431	$ 31,761

Refer to the twelve month comparative for discussions of variances. Further to these explanations, networking/website costs increased due to the large number of news releases and new information that required updating in the fourth quarter of the year pertaining to the Viking exploration program and the September financing. Director's fees increased as the amount represents payment for two meetings in the current period versus one in the comparative period.

5) Liquidity and Capital Resources

The Company's working capital position at September 30, 2009 was approximately $598,000, (September 30, 2008 - $522,000). Cash has increased $244,000 from September 30, 2008. The December, 2008, March, 2009, and September, 2009 private placements aggregating $1,140,000 comprised the most significant source of cash in the current period. In the comparative period, the sources of cash were comprised of private placement proceeds of $604,000, the exercise of warrants for proceeds of $2,000 and the exercise of options for proceeds of $20,000. Cash share issue costs plus the non-refundable financing fee that was paid for which no financing was arranged, utilized $87,000 in cash in the current period, (share issue costs in the comparative period aggregated $6,500). Further, during the current period, the Company received the Newfoundland exploration grants that had been applied for during fiscal 2008. Grant proceeds aggregated $128,000. Administrative costs in excess of interest income utilized $247,000 of cash, (2008 - $211,000). The Company expended approximately $693,000 of cash, (2008 - $777,000), on mineral properties and equipment during the period. During the comparative period the company expended $6,000 on site restoration and $61,000 for refundable claim deposits. The Company received $4,500 in the comparative period and $3,100 in the current period for the reimbursement of environmental deposits made in Nevada, USA.

Allowing for the receipt of government grants receivable, the Company will have sufficient cash to finance general and administrative expenses, reporting to shareholder costs, professional fees and stock exchange and transfer agent fees through approximately November, 2010, assuming similar activity levels. The flow-through financings that were completed in December, 2008 and September, 2009 are financing 2009 and proposed 2010 exploration. The unexpended flow-through share proceeds at September 30, 2009 of $280,000 financed the remaining 2009 Viking drilling costs to completion of the program and will finance a portion of 2010 exploration costs. The Company will require additional financing to cover exploration costs in excess of these flow-through funds, any new property acquisition costs and general and administrative costs beyond November, 2010. Management is continually assessing financing options, in particular to fund future exploration plans. While the Company has successfully raised equity funds in the past, there are no guarantees that it will be able to do so in the future. As a result, there is significant risk regarding the Company's ability to continue as a going concern. The Company's financial statements do not reflect the adjustments that might be necessary to the carrying amount of reported assets, liabilities, revenues and expenses if the Company could not continue as a going concern. Such adjustments could be material.

6) Financing

During September, 2009 the Company closed a non-brokered private placement of 1,332,833 units, (Common Units), at a price of $0.15 per Common Unit and 1,818,181 flow-through units, (FT Units), at a price of $0.165 per FT Unit for gross proceeds of $500,000. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of $0.22 per share until September 4, 2011. Each FT Unit consists of one common flow-through share and one-half of one common share purchase warrant. Each whole common share purchase warrant entitles the holder to purchase one common share at a price of $0.23 per share until September 4, 2011. The proceeds of the September private placement are being used to fund working capital needs as well as exploration costs on the Newfoundland and Labrador mineral properties.

On March 19, 2009 the Company closed a non-brokered private placement of 1,400,000 units for gross proceeds of $140,000. Each unit is comprised of one common share and one-half of one common share purchase warrant. Each whole purchase warrant may be exercised to acquire one common share at $0.15 per share to March 19, 2011. The proceeds are primarily being used to fund working capital needs.

On December 30, 2008, the Company closed a private placement financing for gross proceeds before issue costs of $500,000. The financing was comprised of 4,761,904 Units, each unit of which was comprised of one flow-through common share and one-half of one common share purchase warrant. Each full common share purchase warrant may be exercised to acquire one common share at an exercise price of $0.20 to December 30, 2009 and at an exercise price of $0.25 from December 31, 2009 to December 30, 2010. In addition to cash finders' and due diligence fees aggregating $40,000, the Company issued 380,952 agents' warrants to the agents. Each agent's warrant may be exercised at $0.105 to acquire one common share and one-half of one broker warrant to December 30, 2010. Each whole broker warrant may be exercised to acquire one common share at a price of $0.20 per share to December 30, 2009 and a price of $0.25 per share from December 31, 2009 to December 30, 2010. The financing funded fiscal 2009 exploration on the Newfoundland and Labrador mineral properties.

7) Contractual Obligations

Commencing January 1, 2007 the Company's office sublease was extended for a further five years. Pursuant to option agreements that the Company has entered into, it will be required to make annual payments in order to acquire an interest, subject to Net Smelter Royalties, in the Taylor Brook and Viking claims discussed above under 3) Mineral Properties. The Company may choose to cease these payments at any time if it decides that it no longer wishes to acquire either or both of the properties.

As at September 30, 2009 the combined contractual cash obligations for the following five **fiscal** years ended September 30 are as follows:

Nature of obligation	2010	2011	2012	2013	2014
Office lease base rent	$19,900	$19,900	$ 5,000	$ -	$ -
Mineral property acquisition	70,000 *	80,000 *	-	-	-
Total	$89,900	$99,900	$ 5,000	$ -	$ -

* May be settled in equivalent value of common shares of the Company

7) Contractual Obligations (continued)

In addition to the above cash mineral property commitments, at September 30, 2009 the Company was committed to issue common shares and incur a minimum dollar value of **cumulative** exploration expenditures during the following five **fiscal** years as follows:

	2010	2011	2012	2013	2014
Common shares	310,000	355,000	-	-	-
Cumulative exploration expenditures	$1,300,000*	$2,400,000**	-	-	-

*Approximately $1,250,000 of these required expenditures have been incurred to date.

**Approximately $1,850,000 of these required expenditures have been incurred to date.

8) Exploration Expenditures

Refer to "Mineral Properties," note 4 to the consolidated financial statements.

9) Off-Balance Sheet Transactions

There are no off-balance sheet transactions to report.

10) Selected Annual Financial Information

The following selected financial data has been extracted from the audited financial statements, prepared in accordance with Canadian Generally Accepted Accounting Principles, for the fiscal years indicated and should be read in conjunction with those audited financial statements.

For the years ended or as at September 30,	**2009**	**2008**	**2007**
Financial Results			
Interest Income	$ 3,088	$ 20,805	$ 24,241
Net and Comprehensive Loss	$ (92,998)	$ (353,519)	$ (489,025)
Basic and diluted loss per share	$ 0.00	$ (0.01)	$ (0.01)
Financial Position			
Working capital	$ 597,705	$ 522,305	$ 793,703
Total assets	$ 2,510,762	$ 1,497,532	$ 1,040,538
Capital Stock	$ 11,268,086	$ 10,523,470	$ 9,902,399
Warrants	$ 302,000	$ 210,132	$ 132,781
Contributed Surplus	$ 789,980	$ 657,848	$ 548,848
Deficit	$(10,056,572)	$ (9,963,574)	$ (9,610,055)

Included in the loss for 2009 is a write-off of mineral properties aggregating $Nil, (2008 - $8,000, 2007 - $291,000). Stock-based compensation expense of $Nil in 2009,(2008 - $109,000, 2007 - $33,500), also contributed to the variances in losses. A future income tax recovery in the amount of $200,000 reduced the 2009 loss in arriving at Net and Comprehensive Loss for the year. The recovery pertains to flow-through expenditures renounced to flow-through investors. There were no such renunciations in the comparative periods and consequently no future income tax recoveries in 2008 or 2007.

11) Selected Quarterly Financial Information

The following selected financial data has been extracted from the unaudited interim financial statements, prepared in accordance with Canadian Generally Accepted Accounting Principles, for the fiscal periods indicated and should be read in conjunction with those unaudited financial statements.

Three months ended	Sept 30 2009 (Q4 2009)	June 30 2009 (Q3 2009)	Mar 31 2009 (Q2 2009)	Dec 31 2008 (Q1 2009)	Sept 30 2008 (Q4 2008)	June 30 2008 (Q3 2008)	March 31 2008 (Q2 2008)	Dec 31 2007 (Q1 2008)
Interest & Other	$ 137	$ 586	$ 795	$ 1,570	$ 3,286	$ 5,728	$ 5,044	$ 6,747
Net loss before mineral property write-offs and income tax recovery	(72,852)	(65,505)	(87,893)	(66,748)	(60,947)	(57,169)	(78,212)	(148,941)
Mineral property write-offs	-	-	-	-	(4,000)	-	(2,250)	(2,000)
Income tax recovery	-	-	200,000	-	-	-	-	-
Net and compre-hensive earnings (loss)	(72,852)	$(65,505)	$112,107	$(66,748)	$(64,947)	$(57,169)	$(80,462)	$(150,941)
Basic and diluted earnings (loss) per share	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$ 0.00

The most significant influences on net income/loss are the amount of mineral property write-offs and stock-based compensation expenses as well as tax recoveries associated with tax-effecting flow-through shares. Future income tax recoveries pertain to the application of unrecognized future tax benefits to reduce the future tax liability that is recorded when tax benefits are renounced to flow-through share investors. The renunciations, if applicable, occur in Q2 of any given year. The amount will vary depending upon the quantum of flow-through financings in a year. The timing of the Company's mineral property write-offs cannot be predicted in advance and will vary from one reporting period to the next. As a result, there may be dramatic changes in the financial results and balance sheet position reported by the Company. Stock-based compensation can also comprise a significant portion of a loss in any quarter. Compensation is recorded when stock options are granted and have vested; the timing and amount of such grants can vary from year to year. Stock-based compensation of $109,000 in the first quarter of 2008 increased the loss in this quarter relative to other quarters.

12) Directors and Officers

Shane Ebert	*Director and President*	Douglas Cageorge	*Director*
Jean Pierre Jutras	*Director and Vice-President*	Shari Difley	*Chief Financial Officer*
Barbara O'Neill	*Corporate Secretary*	Lesley Hayes	*Director*

13) Related Party Transactions

The following non-arm's length transactions occurred during the year ended September 30, 2009:

i) paid or accrued $19,900, (2008 - $12,200), to a corporation related by virtue of common officers and directors for rent of shared office space and $17,300, (2008 - $23,300), for lease operating and miscellaneous administrative costs.

ii) paid or accrued $138,300, (2008 - $193,700), for consulting fees charged by officers or their corporate employers on a per diem or hourly basis for accounting and administrative services and geological consulting services provided.

iii) during the comparative period ended September 30, 2008 paid or accrued $19,600 to a corporation related by virtue of common officers and/or directors for allocated office and secretarial expenses

The purpose of related company office and rent charges is to realize certain economies associated with sharing office space and administrative services. Related party transactions were in the normal course of operations and were measured at the "exchange amount," which is the amount of consideration established and agreed to by the related parties. Directors or immediate family members subscribed to 60,696 Flow-through units of the September, 2009 private placement at $0.165 per unit and 350,000 units of the March, 2009 private placement at $0.10 per unit.

14) Capital Stock

a) Issued

Refer to Note 7 to the financial statements. From September 30, 2009 to November 19, 2009 there were no changes to issued and outstanding common shares.

b) Stock Options and Warrants

i) Options

Refer to Note 7 to the financial statements for details of the option transactions occurring during the year ended September 30, 2009 and period-end balances. During the period from September 30, 2009 to November 19, 2009, no options were granted or exercised and none expired.

ii) Warrants

Refer to Note 7 to the financial statements for details of warrants issued, exercised and expired during the year ended September 30, 2009. During the period from September 30, 2009 to November 19, 2009, no warrants were issued or exercised and none expired.

15) Outlook

The Company's primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. Should the Company discover such a promising property, it would likely attempt to ally with a more senior mining company that might option-in on the property or purchase the property outright, as the Company does not have expertise in operating a mine.

The Company has raised an aggregate of $1,140,000 this fiscal year comprised of; $500,000, before share issue costs, through the flow-through private placement that closed December 30, 2008, $140,000 pursuant to the non-flow-through private placement that closed on March 19, 2009, and a further $500,000 pursuant to the private placement of flow-through and non-flow-through units that closed on September 4, 2009.

The Company is pleased with the results they have received to date on their Summer/Fall 2009 35 hole, 3612.6 meter drill program on the Viking, Newfoundland and Labrador property. The 2009 program has been successful in delineating and expanding the known zone of gold mineralization along the Thor trend and the company is encouraged that the project is showing good potential to host a significant gold resource. A number of the holes have successfully intersected significant zones of highly anomalous gold mineralization that could potentially be amenable to open pit mining. Upon compilation of the final drill results, the Company plans to analyze the data received to date on the Viking property and undertake modeling. Management's goal for the upcoming year is to complete an initial in-house resource estimate. Future exploration will test numerous targets with comparable surface samples, geophysical signatures and anomalous soils to the Thor trend that has been tested to date. The Company has incurred sufficient exploration expenditures on the Viking property to lock-in a minimum 51% interest in the Viking property. The ultimate interest and terms for the agreement going forward will be at the election of the vendor which will occur after acceptance of these expenditures and the issue of 665,000 common shares of the Company to the vendor. Going forward, the Company plans, subject to financing, to conduct up to a $2,000,000 exploration program in order to be able to complete a resource estimate. Financing options may include equity issues or involving a joint venture partner, or some combination of the above.

16) Risks

The success of the Company's business is subject to a number of factors including, but not limited to:

a) Substantial expenditures are required to explore for mineral reserves and the chances of identifying economical reserves are extremely small.
b) The junior resource market, where the Company raises funds, is extremely volatile and there is no guarantee that the Company will be able to raise funds as it requires. The Company may be forced to raise funds at a low share price resulting in increased dilution for current shareholders.
c) Although the Company has taken steps to verify title to the mineral properties in which it has an interest or in which it is earning an interest, there is no guarantee that the property will not be subject to title disputes or undetected defects.
d) The Company is subject to laws and regulations relating to environmental matters, including provisions relating to reclamation, discharge of hazardous materials, and other matters. The Company conducts its exploration activities in compliance with applicable environmental protection legislation and is not aware of any existing environmental problems that may cause a material liability to the Company, however changes to legislation could result in the Company being offside at some point in the future.
e) The Company is in competition with exploration companies with greater financial resources. This can hamper its ability to acquire certain exploration properties, attract joint venture parties and attract equity financing. Further, the Company must compete with these other companies to acquire contractors to perform certain exploration such as drilling. These contractors will often favor a larger project, making it more difficult for the Company to obtain their services.
f) The price of base and precious metals is highly volatile. Changes in these prices can alter the desirability of an exploration property, and feasibility of spending exploration dollars on it. Further, changes in commodity prices can affect the stock price of the Company.
g) The Company is dependent upon certain key personnel. Loss of any of these people could have a material adverse effect on the Company and its business. This is somewhat mitigated from a geological perspective by having a qualified geologist in each of the President and Vice-President roles.
h) The Company has a history of losses due to its status as an exploration company, with no production from mineral properties. Its ultimate success will depend on its ability to generate cash flow from producing properties at some point in the future, or alternatively from a disposition of its interests.

17) Critical Accounting Estimates

The most significant accounting estimate for the Company relates to the carrying value of its mineral property assets. Mineral properties consist of exploration and mining concessions. Acquisition and leasehold costs and exploration costs are capitalized and deferred until such time as the property is put into production or the properties are disposed of either through sales or abandonments. The estimated values of all properties are assessed by management on a quarterly basis by reference to project economics, including the timing of the exploration and/or development work, the work programs and exploration results experienced by the Company and others, and the extent to which optionees have committed, or are expected to commit to, exploration on the property. When it becomes apparent that the carrying value of a specific property will not be realized, based on the foregoing criteria, an impairment provision is made for the decline in value.

The Company's estimate for asset retirement obligations is based on existing laws, contracts or other policies. The value of the obligation is based on estimated future costs for abandonments and reclamations. By their nature, these estimates are subject to measurement uncertainty.

17) Critical Accounting Estimates (continued)

Another significant accounting estimate relates to valuing stock-based compensation and warrants. The Company uses the Black-Scholes Option Pricing Model. Option pricing models require the input of highly subjective assumptions including the expected price volatility. Changes in the subjective input assumptions can materially affect the fair value estimate, and therefore the existing models do not necessarily provide a reliable single measure of the fair value of the Company's stock options granted and vested, or warrants issued, during the year.

18) New Accounting Policies

Newly adopted

Effective October 1, 2008, the Company adopted amended Section 1400, General Standards of Financial Statement Presentation. This section includes requirements to assess and disclose the Company's ability to continue as a going concern. It indicates that financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so. (see note 1 to the financial statements)

In March, 2009, Emerging Issues committee Abstract 174, (EIC 174), "Mining Exploration Costs," was issued by the CICA. This EIC superseded EIC 126, "Accounting by Mining Enterprises for Exploration Costs," and provides additional guidance for mining exploration enterprises on the accounting for capitalization of exploration costs and when an impairment test of these costs is required. The new abstract became effective for the Company's second quarter fiscal 2009 financial statements. There was no significant impact on the financial statements.

Effective October 1, 2008 the Company adopted Section 3064, Goodwill and Intangible Assets. This new standard replaces the previous goodwill and intangible asset standard and revises the requirement for recognition, measurement, presentation and disclosure of intangible assets. The adoption of this standard has had no impact on the Company's financial statements.

Future

In February, 2008, the Canadian Accounting Standards Board, (AcSB), announced that interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011 must be prepared in accordance with International Financial Reporting Standards, (IFRS). Accordingly the Company will be required to present their financial statements for the fiscal year ended September 30, 2012 in accordance with IFRS and will be required to restate the comparatives for the fiscal year ended September 30, 2011. While the Company has begun assessing the consequences of the adoption of IFRS, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

19) Other

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

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Listed:

TSX Venture Exchange

Symbol:

NAI