Northern Abitibi Mining Corp.
Financial Statements
September 30, 2003

Contents

Auditors' Report

To the Shareholders of
Northern Abitibi Mining Corp.

We have audited the balance sheets of Northern Abitibi Mining Corp. as at September 30, 2003 and 2002 and the statements of operations and deficit and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with 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 financial statements present fairly, in all material respects, the financial position of the Company as at September 30, 2003 and 2002 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

"Grant Thornton LLP"

Calgary, Alberta
December 11, 2003

Grant Thornton LLP
Chartered Accountants

Northern Abitibi Mining Corp.
Balance Sheets

September 30		2003		2002
ASSETS				
Current				
Cash and cash equivalents	$	**108,064**	$	176,628
Accounts receivable		**8,716**		10,765
		116,780		187,393
Investments and other assets		**6,242**		10,942
Mineral properties Note 4		**2,612,401**		2,715,944
	$	**2,735,423**	$	2,914,279
LIABILITIES				
Current				
Accounts payable and accrued liabilities	$	**3,643**	$	355
Due to related parties Note 7		**7,568**		5,450
		11,211		5,805
SHAREHOLDERS' EQUITY				
Capital stock Note 5				
Authorized:				
Unlimited number of common shares without par value				
Issued:				
27,998,028 common shares (2002 – 27,880,028)		**8,587,720**		8,578,170
Contributed Surplus		**183,206**		104,206
Deficit		**(6,046,714)**		(5,773,902)
		2,724,212		2,908,474
	$	**2,735,423**	$	2,914,279

On behalf of the Board

"L.O. Hayes" ______________________ Director
L.O.Hayes

"James Devonshire" ______________________ Director
James Devonshire

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.
Statements of Operations and Deficit

Years Ended September 30	**2003**	2002
Revenue		
Interest	**$ 2,037**	$ 7,212
Expenses		
General and administrative	**81,162**	110,997
Stock-based compensation	**79,000**	-
Professional fees	**17,803**	13,218
Reporting to shareholders	**12,933**	14,706
Stock exchange and transfer agent fees	**5,907**	5,916
	196,805	144,837
Loss before the undernoted	**(194,768)**	(137,625)
Gain on sale of investments	**3,393**	26,467
Abandonments and write-down of mineral properties	**(81,437)**	-
Net Loss	**(272,812)**	(111,158)
Deficit, beginning of year	**(5,773,902)**	(5,662,744)
Deficit, end of year	**$ (6,046,714)**	$ (5,773,902)
Loss per share		
Basic and diluted	**$ (0.01)**	$ 0.00
Weighted Average Shares Outstanding		
Basic and diluted	**27,923,190**	27,820,781

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.
Statements of Cash Flows

Years Ended September 30	2003	2002
Increase (decrease) in cash and cash equivalents:		
Operating activities		
Interest income received	**$ 2,037**	$ 7,212
Cash operating expenses	**(110,350)**	(156,229)
	(108,313)	(149,017)
Financing activities		
Issue of shares for cash	**4,300**	5,000
Exploration incentives received	**19,531**	10,524
	23,831	15,524
Investing activities		
Mineral property additions	**(14,675)**	(360,561)
Camp cost recovery	**22,500**	-
Proceeds on sale of investments	**8,093**	47,766
	15,918	(312,795)
Decrease in cash and cash equivalents	**(68,564)**	(446,288)
Cash and cash equivalents, Beginning of year	**176,628**	622,916
End of year	**$ 108,064**	$ 176,628

Supplementary Information:
There was no cash expended on interest or taxes during the years ended September 30, 2003 and September 30, 2002.

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. 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 is considered to be in the development stage.

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.

Continued operations of the Company are dependent on the Company's ability to complete equity or debt financings. These financial statements have been prepared under the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. Accordingly they do not give effect to adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and liquidate its liabilities, contingent obligations and commitments in other than the normal course of business and at amounts that differ from those reflected in these financial statements.

2. Summary of significant accounting policies

a) Use of estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets, such as 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. Actual results could differ from those estimates.

b) Cash and cash equivalents
Cash and cash equivalents includes bank and brokerage deposits and term deposits and treasury bills with maturities equal to or less than 90 days.

c) Mineral properties
Costs relating to the acquisition, exploration and development of mineral properties are capitalized on an area of interest basis. These expenditures will be charged against income, through unit of production depletion, when properties are developed to the stage of commercial production. If an area of interest is abandoned, or management determines there is a permanent and significant decline in value, the related costs are charged to operations. 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, 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 the property exceeds its estimated net recoverable amount based on the foregoing criteria, an impairment provision is made for the other than temporary 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.

2. Summary of significant accounting policies (Continued)

d) 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. Future income tax liability is increased and capital stock is reduced by the estimated tax benefits transferred to shareholders.

e) Joint interest operations
Certain of the Company's exploration and development activities are conducted jointly with others. These financial statements reflect only the Company's proportionate interest in such activities. Although the Company holds some interests in mineral properties through joint venture agreements, none of its operations are carried on through joint venture entities.

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

g) 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.

h) 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 or enactment occurs. To the extent that the Company does not consider it more likely than not that a future tax asset will be recovered, it provides a valuation allowance against the excess.

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

j) Financial instruments
The fair market values of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate their carrying values as a result of the short-term nature of the instruments and/or the variable interest rate associated with the instrument. Unless otherwise noted, it is Management’s opinion that the Company is not exposed to significant interest, currency, or credit risks arising from these financial instruments.

k) Reclamation costs
The Company’s activities have primarily been focused on exploration directed toward the discovery of mineral resources. When it is determined that a future reclamation cost is likely, and the amount can be reasonably estimated, the costs thereof will be accrued.

2. Summary of significant accounting policies (Continued)

l) Stock Options

Effective October 1, 2002, in accordance with the recommendations of the Canadian Institute of Chartered Accountants, (CICA), the Company prospectively adopted, with no restatement or disclosure pertaining to awards granted prior to October 1, 2002, new rules for the accounting for, and disclosure of, stock-based compensation.

The new recommendations of the CICA establish financial accounting and reporting standards for stock-based compensation plans as well as transactions in which an entity issues its equity instruments to acquire goods or services from non-employees. The Company has elected to follow 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. 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. Stock options were granted to purchase 200,000 common shares at $0.10 per share and 650,000 common shares at $0.14 per share during the year ended September 30, 2003. No material value was associated with the 200,000 options and a value of $79,000 was asssociated with the 650,000 options using the Black-Scholes Option Pricing Model under the following assumptions:

	200,000 options grant	650,000 options grant
Expected stock price volatility	169.75	172.41%
Risk-free interest rate	4.46%	4.02%
Expected option life	5 years	3 years
Expected dividend yield	-	-

m) Government incentives

Through its exploration in Quebec, the Company has benefited from refundable exploration tax credits. These incentives are not repayable provided that they apply to qualifying expenditures. The incentives reduce the mineral property costs to which they pertain in the year that the qualifying expenditures are incurred or when eligiblity becomes apparent, whichever is later.

3. Investments and other assets

	2003	2002
Portfolio Investments (market value 2002- $8,000)	$ -	$ 4,700
Non-current prepaid rent	6,242	6,242
	$ 6,242	$ 10,942

4. Mineral properties

2003		Labrador	Quebec			Nunavut
Exploration and Development expenditures:	**Total**	**SouthVoisey Bay**	**Douay Joutel**	**Caniapiscau**	**QC Diamond**	**Keni**
Balance Sept 30, 2002	$2,367,589	$1,952,994	$ 80,893	$14,716	$ 60,422	$ 258,564
Geological consulting	10,514	1,600	3,613	100	2,001	3,200
Camp cost recovery	(22,500)	-	-	-	-	(22,500)
Exploration tax credits	(19,531)	-	-	-	(19,531)	-
Abandonments and write-offs	(75,598)	-	-	(14,816)	(42,892)	(17,890)
Balance Sept 30, 2003	**2,260,474**	**1,954,594**	**84,506**	**-**	**-**	**221,374**
Property acquisition costs:						
Balance Sept 30, 2002	348,355	150,126	141,970	568	3,920	51,771
Costs incurred	9,411	-	2,810	-	1,351	5,250
Abandonments and write-offs	(5,839)	-	-	(568)	(5,271)	-
Balance Sept 30, 2003	**351,927**	**150,126**	**144,780**	**-**	**-**	**57,021**
Total mineral properties Sept. 30, 2003	**$2,612,401**	**$2,104,720**	**$ 229,286**	**$ -**	**$ -**	**$ 278,395**

2002		Labrador	Quebec			Nunavut
Exploration and Development expenditures:	**Total**	**SouthVoisey Bay**	**Douay Joutel**	**Caniapiscau**	**QC Diamond**	**Keni**
Balance Sept 30, 2001	$2,074,112	$1,946,355	$ 87,243	$18,541	$ 21,973	$ -
Geological consulting	46,943	2,750	-	2,075	20,790	21,328
Project field costs & miscellaneous	56,605	3,889	(6,350)	1,801	1,082	56,183
Air and fuel	54,978	-	-	-	-	54,978
Geochemical anaylsis	33,389	-	-	1,054	20,240	12,095
Airborne geophysical	113,980	-	-	-	-	113,980
Exploration tax credits	(12,418)	-	-	(8,755)	(3,663)	-
Balance Sept 30, 2002	**2,367,589**	**1,952,994**	**80,893**	**14,716**	**60,422**	**258,564**
Property acquisition costs:						
Balance Sept 30, 2001	292,954	150,126	141,968	460	400	-
Costs incurred	55,401	-	110	-	3,520	51,771
Balance Sept 30, 2002	**348,355**	**150,126**	**142,078**	**460**	**3,920**	**51,771**
Total mineral properties Sept. 30, 2002	**$2,715,944**	**$2,103,120**	**$ 222,971**	**$ 15,176**	**$ 64,342**	**$ 310,335**

LABRADOR
South Voisey Bay
The Company has a 47% interest in the South Voisey Bay property, with Donner Minerals Ltd. holding the remaining 53%. During fiscal 2001 Falconbridge Limited, (Falconbridge), entered into an option earn-in agreement on the South Voisey Bay property that includes the Company’s jointly held property as well as certain adjoining properties held by other companies, (the “Combined Property”). Pursuant to the agreement Falconbridge can earn a 50% interest in the Company’s jointly held property by incurring $5,000,000 of expenditures on that property by December 31, 2006. In order to keep the option in good standing, Falconbridge is required to incur at least $2,000,000 of expenditures on the Combined Property by December 31, 2002 and in each of the years ended December 31, 2003 through December 31, 2006. Falconbridge has met its December 31, 2002 earn-in commitment.

4. Mineral properties (continued)

NUNAVUT
Keni
During the year ended September 30, 2002, the Company and Tyler Resources Inc. (Tyler), entered into a letter agreement whereby they can jointly acquire a 65% interest in the Keni mineral claims, aggregating approximately 111,000 acres. Tyler is related to the Company by virtue of certain common officers and directors. Under the terms of the agreement the Company and Tyler assumed all of the staking costs, aggregating approximately $96,000, one half of which was borne by the Company. In order to earn the 65% interest, the companies are required to issue 250,000 shares of their capital stock each, over four years, and assume an exploration work commitment on the property aggregating approximately $1,100,000 over four years. To September 30, 2003, the companies have each issued 150,000 shares and have jointly incurred $442,000 of explorations costs, (the Company - $221,000), to be credited towards the commitment. Should the companies decide at any point in time that they will forego earning the interest in the property, they can terminate the agreement without incurring further exploration costs or issuing further shares of their capital stock.

Impaired Mineral Properties
In fiscal 2003 the Company determined that given exploration results by the Company and others in surrounding areas, the Caniapiscau and QC Diamond , Quebec property claims would be allowed to lapse. Consequently the accumulated costs were written-off during the year. Further, the excess of Keni camp costs over proceeds received for the sale of camp were written-off during fiscal 2003.

5. Capital stock

a) Common Shares Issued:

	2003			2002		
	Number of Shares		**Stated Value**	Number of Shares		Stated Value
Balance, beginning of year	**27,880,028**	**$**	**8,578,170**	27,755,028	$	8,565,670
Issued for acquistion of Mineral property	**75,000**		**5,250**	75,000		7,500
Issued for cash upon exercise of options	**43,000**		**4,300**	50,000		5,000
Balance, end of year	**27,998,028**	**$**	**8,587,720**	27,880,028	$	8,578,170

b) Outstanding Options :

	Number of Shares		
Expiry Date	**2003**	2002	Price
May 15, 2007	**485,000**	545,000	$ 0.12
March 23, 2008	**200,000**	-	$ 0.10
June 11, 2006	**650,000**	-	$ 0.14
April 10, 2006	**1,187,000**	1,410,000	$ 0.10
January 6, 2004	**-**	250,000	$ 0.10
	2,522,000	2,205,000	

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 the market price of the common shares, defined as the weighted average of the trading price per share for the last five trading days before the grant date. All of the above-noted outstanding options vested on the grant date.

5. Capital stock (continued)

c) Option Transactions:

	Number of Options	Weighted-average Exercise Price
As at September 30, 2001	2,548,000	$ 0.28
Granted	795,000	$ 0.11
Expired or cancelled	(1,088,000)	$ 0.53
Exercised	(50,000)	$ 0.10
As at September 30, 2002	2,205,000	$ 0.10
Expired	(490,000)	$ 0.10
Granted	850,000	$ 0.13
Exercised	(43,000)	$ 0.10
As at September 30, 2003	**2,522,000**	$ 0.11

6. Income Taxes

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

	2003	2002
Computed expected tax recovery at a combined Provincial and Federal rate of 38% (2002 – 39.8%)	**$ (104,000)**	$ (44,000)
Effect on income taxes resulting from:		
Non-recognition of losses and future tax benefits for financial statement purposes	**104,000**	44,000
Future income tax recovery	**$ -**	$ -

The net future income tax asset at September 30, 2003 is comprised of:

	(at 38%)
Income tax values in excess of book value of mineral properties	$ 1,005,000
Loss carry forwards	238,000
Future income tax asset before valuation allowance	1,243,000
Valuation Allowance	(1,243,000)
Future income tax asset	**$ -**

b) The Company has incurred losses for income tax purposes of approximately $627,000. Unless sufficient taxable income is earned in future years these losses will expire as follows:

2004	$ 62,000
2006	32,000
2007	123,000
2008	79,000
2009	137,000
2010	194,000
	$ 627,000

6. Income Taxes (continued)

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

	Amount	Rate
Canadian exploration expenses	**3,495,000**	100%
Canadian development expenses	**1,420,000**	30%
Foreign exploration and development expenses	**328,000**	10%
Undepreciated capital cost	**14,000**	20-30%
	$ **5,257,000**	

7. Related Party Transactions and Commitments

CDG Investments Inc., (CDG), a company related by virtue of certain common officers and directors, officers of the Company, and corporations in which certain of the Company's officers and directors are shareholders provided services, billing the amounts presented below for the respective fiscal years:

	2003	2002
Geological	**$ 5,000**	$ 5,000
Rent and direct administrative	**61,000**	80,000
	$ 66,000	$ 85,000

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.

The due to related parties amount in the balance sheet is due to CDG with respect to administrative charges.

During the 2003 and 2002 fiscal years, Tyler Resources Inc., a company related by virtue of certain common officers and directors acted as operator for the Keni Joint Venture. Accordingly it billed the Company for its share of third party exploration and development expenditures including a mark-up of 5% to 10% on qualifying expenditures to cover administrative overhead. The rates are consistent with rates charged to the Company by non-related joint venture operators. The total exploration and development costs billed to the Company aggregated $2,910 (2002 - $241,000) and total overhead fees billed aggregated $290 (2002 - $17,500) during the years ended September 30.

Pursuant to a sublease agreement, 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:

2004	**$12,150**
2005	**$12,150**
2006	**$12,150**
2007	**$ 3,050**
2008	**$ -**

In addition, the company is committed to pay its share of annual associated lease operating costs, which aggregated $9,000 for the year ended September 30, 2003.

8. Comparative Figures

Certain comparative amounts have been reclassified to conform with the financial statement presentation adopted in the current year.