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# NORTHERN ABITIBI MINING CORP.

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## INTERIM FINANCIAL STATEMENTS

**3rd Quarter Reports  
June 30, 2003**

**PROCESSED**

**OCT 07 2003**

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FINANCIAL**

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**NORTHERN ABITIBI MINING CORP.**  
**INTERIM BALANCE SHEETS**  
(Unaudited - prepared by management)

	June 30, 2003	September 30, 2002
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalents	\$ 132,851	\$ 176,628
Accounts receivable	4,588	10,765
	<u>137,439</u>	<u>187,393</u>
<b>INVESTMENTS AND OTHER ASSETS</b>	6,242	10,942
<b>MINERAL PROPERTIES</b> <small>schedule</small>	<u>2,675,245</u>	<u>2,715,944</u>
	<u>\$ 2,818,926</u>	<u>\$ 2,914,279</u>

<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 8,712	\$ 5,805

**SHAREHOLDERS' EQUITY**

<b>CAPITAL STOCK</b> <small>Note 2</small>		
<b>Authorized:</b>		
Unlimited number of common shares without par value		
<b>Issued:</b>		
27,955,028 common shares (Sept,2002 - 27,880,028)	8,583,420	8,578,170
<b>CONTRIBUTED SURPLUS</b>	183,206	104,206
<b>DEFICIT</b>	<u>(5,956,412)</u>	<u>(5,773,902)</u>
	<u>2,810,214</u>	<u>2,908,474</u>
	<u>\$ 2,818,926</u>	<u>\$ 2,914,279</u>

Approved on behalf of the Board

"Lesley Hayes" \_\_\_\_\_ Lesley Hayes, Director

"James Devonshire" \_\_\_\_\_ James Devonshire, Director

See accompanying notes to the financial statements

NORTHERN ABITIBI MINING CORP.  
INTERIM STATEMENTS OF OPERATIONS AND DEFICIT

(Unaudited - Prepared by Management)

	Three months ended June 30,		Nine months ended June 30,	
	2003	2002	2003	2002
<b>REVENUE</b>				
Interest and other	\$ 414	\$ 874	\$ 1,306	\$ 6,565
<b>EXPENSES</b>				
General and administrative	15,589	27,967	63,695	87,023
Stock-based compensation	79,000	-	79,000	-
Reporting to shareholders	26	33	12,929	14,706
Professional fees	4,039	5,007	11,665	12,156
Stock exchange and transfer agent fees	1,668	1,534	4,536	4,391
	<u>100,322</u>	<u>34,541</u>	<u>171,825</u>	<u>118,276</u>
<b>LOSS BEFORE THE UNDERNOTED</b>	<b>(99,908)</b>	<b>(33,667)</b>	<b>(170,519)</b>	<b>(111,711)</b>
Abandonments and mineral property write-downs	(15,384)	-	(15,384)	-
Gain on sale of investments	-	12,724	3,393	16,592
<b>LOSS FOR THE PERIOD</b>	<b>(115,292)</b>	<b>(20,943)</b>	<b>(182,510)</b>	<b>(95,119)</b>
<b>DEFICIT, beginning of period</b>	<b>(5,841,120)</b>	<b>(5,736,920)</b>	<b>(5,773,902)</b>	<b>(5,662,744)</b>
<b>DEFICIT, end of period</b>	<b>\$ (5,956,412)</b>	<b>\$ (5,757,863)</b>	<b>\$ (5,956,412)</b>	<b>\$ (5,757,863)</b>
<b>LOSS PER SHARE</b>				
basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)
<b>WEIGHTED AVERAGE SHARES</b>				
<b>OUTSTANDING - basic and diluted</b>	<b>27,955,028</b>	<b>27,871,786</b>	<b>27,908,050</b>	<b>27,800,816</b>

See accompanying notes to the financial statements

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**NORTHERN ABITIBI MINING CORP.**  
**INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited - Prepared by Management)

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	<u>Three months ended June 30,</u>		<u>Nine months ended June 30,</u>	
	<u>2003</u>	<u>2002</u>	<u>2003</u>	<u>2002</u>
<b>Increase (decrease) in cash and cash equivalents:</b>				
<b>OPERATING ACTIVITIES</b>				
Interest and other income received	\$ 414	\$ 875	\$ 1,306	\$ 6,565
Cash operating expenses	<u>(21,200)</u>	<u>(37,380)</u>	<u>(86,268)</u>	<u>(121,161)</u>
	<u>(20,786)</u>	<u>(36,505)</u>	<u>(84,962)</u>	<u>(114,596)</u>
<b>FINANCING ACTIVITIES</b>				
Exploration incentives received	19,531	-	19,531	-
Issue of shares for cash	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
	<u>19,531</u>	<u>5,000</u>	<u>19,531</u>	<u>5,000</u>
<b>INVESTING ACTIVITIES</b>				
Net mineral property (additions) recoveries	28,895	(48,899)	13,561	(307,756)
Proceeds on sale of investments	<u>-</u>	<u>19,624</u>	<u>8,093</u>	<u>31,292</u>
	<u>28,895</u>	<u>(29,275)</u>	<u>21,654</u>	<u>(276,464)</u>
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>27,640</b>	<b>(60,780)</b>	<b>(43,777)</b>	<b>(386,060)</b>
<b>CASH AND CASH EQUIVALENTS:</b>				
beginning of period	<u>105,211</u>	<u>297,636</u>	<u>176,628</u>	<u>622,916</u>
end of period	<u>\$ 132,851</u>	<u>\$ 236,856</u>	<u>\$ 132,851</u>	<u>\$ 236,856</u>

**Supplementary Information:**

No cash was expended on interest or taxes during the periods ended June 30, 2003 and June 30, 2002.

See accompanying notes to the financial statements

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**NORTHERN ABITIBI MINING CORP.**  
**INTERIM SCHEDULE OF MINERAL PROPERTIES**  
**FOR THE NINE MONTHS ENDED JUNE 30, 2003 AND JUNE 30, 2002**  
(Unaudited - prepared by management)

	Total	Labrador	Quebec		Nunavut	
		South Voisey Bay	Douay Joutel	Caniapiscau	QC Diamond	Keni
<b>2003</b>						
<b>Exploration and development expenditures:</b>						
Balance September 30, 2002	\$ 2,367,589	\$ 1,952,994	\$ 80,893	\$ 14,716	\$ 60,422	\$ 258,564
Geological consulting	10,114	1,200	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	(14,816)	-	-	(14,816)	-	-
<b>Balance June 30, 2003</b>	<b>2,320,856</b>	<b>1,954,194</b>	<b>84,506</b>	<b>-</b>	<b>42,892</b>	<b>239,264</b>
<b>Property acquisition costs:</b>						
Balance September 30, 2002	348,355	150,126	141,970	568	3,920	51,771
Costs incurred	6,602	-	-	-	1,352	5,250
Abandonments and write-offs	(568)	-	-	(568)	-	-
<b>Balance June 30, 2003</b>	<b>354,389</b>	<b>150,126</b>	<b>141,970</b>	<b>-</b>	<b>5,272</b>	<b>57,021</b>
<b>Total mineral properties June 30, 2003</b>	<b>\$ 2,675,245</b>	<b>\$ 2,104,320</b>	<b>\$ 226,476</b>	<b>\$ -</b>	<b>\$ 48,164</b>	<b>\$ 296,285</b>

	Total	Labrador	Quebec		Nunavut	
		South Voisey Bay	Douay Joutel	Caniapiscau	QC Diamond	Keni
<b>2002</b>						
<b>Exploration and development expenditures:</b>						
Balance September 30, 2001	\$ 2,074,112	\$ 1,946,355	\$ 87,243	\$ 18,541	\$ 21,973	-
Geological consulting	37,834	2,250	-	2,075	17,081	16,428
Project field costs and miscellaneous	50,013	3,889	(6,350)	1,801	1,082	49,591
Air and fuel	38,209	-	-	-	-	38,209
Geochemical analysis	21,294	-	-	1,054	20,240	-
Airborne geophysical	113,980	-	-	-	-	113,980
Exploration tax credits	(12,418)	-	-	(8,755)	(3,663)	-
<b>Balance June 30, 2002</b>	<b>2,323,024</b>	<b>1,952,494</b>	<b>80,893</b>	<b>14,716</b>	<b>56,713</b>	<b>218,208</b>
<b>Property acquisition costs:</b>						
Balance September 30, 2001	292,955	150,126	141,969	460	400	-
Costs incurred	52,206	-	110	-	3,520	48,576
<b>Balance June 30, 2002</b>	<b>345,161</b>	<b>150,126</b>	<b>142,079</b>	<b>460</b>	<b>3,920</b>	<b>48,576</b>
<b>Total mineral properties June 30, 2002</b>	<b>\$ 2,668,185</b>	<b>\$ 2,102,620</b>	<b>\$ 222,972</b>	<b>\$ 15,176</b>	<b>\$ 60,633</b>	<b>266,784</b>

**NORTHERN ABITIBI MINING CORP.**  
**NOTES TO THE INTERIM FINANCIAL STATEMENTS**  
**June 30, 2003**  
(Unaudited – prepared by management)

**1. Accounting Policies**

**Interim financial statements**

These interim financial statements should be read in conjunction with the audited financial statements for the year ended September 30, 2002 as not all disclosures required by Generally Accepted Accounting Principles for annual financial statements are presented. The interim financial statements follow the same accounting policies and methods of computation as the audited financial statements for the year ended September 30, 2002, except that the Company adopted a new accounting policy regarding stock-based compensation as described below.

**Stock-based compensation**

Effective October 1, 2002, in accordance with the recommendations of the Canadian Institute of Chartered Accountants, (CICA), the Company has 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 excess of the fair value of the stock options at the date of grant over the option grant price 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 nine months ended June 30, 2003. No material value was associated with the 200,000 options and a value of \$79,000 was associated 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	-	-

**2. Capital Stock**

**a) Issued**

During the nine months ended June 30, 2003 the Company issued 75,000 shares for no cash consideration pursuant to an option agreement on the Keni property. The value of the issued shares of \$5,250 increased share capital and mineral property acquisition costs. The Company is committed to issue a further 50,000 shares on each of March 6, 2005 and March 6, 2006 pursuant to this agreement.

**b) Stock options and warrants**

There were no warrants outstanding at June 30, 2003 or September 30, 2002.

The Company has an option plan, in 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 following stock option transactions occurred during the nine months ended June 30, 2003:

	Number of shares	Weighted average exercise price
Outstanding September 30, 2002	2,205,000	\$0.10
Granted	850,000	\$0.13
Expired	(490,000)	\$0.10
Outstanding June 30, 2003	<u>2,565,000</u>	<u>\$0.11</u>

The following summarizes stock options outstanding at June 30, 2003, all vesting immediately upon granting:

Expiry date	Number of shares	Exercise price
April 10, 2006	1,410,000	\$0.10
June 11, 2006	650,000	\$0.14
May 15, 2007	545,000	\$0.12
March 23, 2008	200,000	\$0.10
Total	<u>2,565,000</u>	