Northern Abitibi Mining Corp.
Interim Consolidated Financial Statements
March 31, 2008

In accordance with national instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim consolidated balance sheet as at March 31, 2008 nor the unaudited interim consolidated statements of net and comprehensive loss and deficit and cash flows for the three and six month periods ended March 31, 2008 and March 31, 2007

Northern Abitibi Mining Corp.
Interim Consolidated Balance Sheets

		March 31, 2008 (Unaudited)	September 30, 2007
ASSETS			
Current			
Cash and cash equivalents		$ 375,211	$ 834,686
Accounts receivable		6,414	5,192
Prepaid expenses		9,303	17,090
		390,928	856,968
Exploration deposits		7,610	7,610
Mineral properties and equipment	Note 3	583,749	175,960
		$ 982,287	$ 1,040,538
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$ 14,289	$ 43,408
Due to related parties	Note 8	21,869	16,398
Current portion of asset retirement obligation	Note 4	3,459	3,459
		39,617	63,265
Asset retirement obligation	Note 4	9,100	3,300
		48,717	66,565
SHAREHOLDERS' EQUITY			
Capital stock	Note 5	9,985,048	9,902,399
Warrants	Note 5	132,132	132,781
Contributed Surplus	Note 5	657,848	548,848
Deficit		(9,841,458)	(9,610,055)
		933,570	973,973
		$ 982,287	$ 1,040,538

Nature and Continuance of Operations Note 1
Commitments Note 9

Approved by the Board

"Shane Ebert" Director

"Lesley Hayes" Director

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.

Interim Consolidated Statements of Net and Comprehensive Loss and Deficit

(Unaudited – prepared by management)

	Three Months Ended March 31		Six Months Ended March 31	
	2008	**2007**	**2008**	**2007**
Expenses				
General and administrative Note 7	**$ 63,435**	$ 25,070	**$ 210,308**	$ 77,491
Reporting to shareholders	**12,676**	12,949	**16,960**	19,439
Professional fees	**2,849**	2,212	**4,434**	1,792
Stock exchange and transfer agent fees	**2,877**	2,781	**5,203**	5,170
Amortization of capital assets	**619**	-	**1,239**	-
Accretion of asset retirement obligation Note 4	**800**	-	**800**	-
Foreign exchange loss	**-**	3,239	**-**	28
	(83,256)	(46,251)	**(238,944)**	(103,920)
Other Income (Expense)				
Interest	**5,044**	3,180	**11,791**	7,282
Abandonments and mineral property write-down	**(2,250)**	(278,230)	**(4,250)**	(284,758)
	2,794	(275,050)	**7,541**	(277,476)
Net and Comprehensive Loss	**(80,462)**	(321,301)	**(231,403)**	(381,396)
Deficit, beginning of period	**(9,760,996)**	(9,181,125)	**(9,610,055)**	(9,121,030)
Deficit, end of period	**$(9,841,458)**	$(9,502,426)	**$(9,841,458)**	$(9,502,426)
Loss per share				
Basic and diluted	**$ 0.00**	$ (0.01)	**$ 0.00**	$ (0.01)
Weighted Average Number of Shares Outstanding				
Basic and diluted	**47,718,416**	42,093,801	**47,685,554**	41,175,577

See accompanying notes to the financial statements.

Northern Abitibi Mining Corp.
Interim Consolidated Statements of Cash Flows
(Unaudited – prepared by management)

	Three months ended March 31		Six months ended March 31	
	2008	2007	2008	2007
Increase (decrease) in cash and cash equivalents:				
Operating activities				
Interest received	$ 5,044	$ 3,180	$ 11,791	$ 7,282
Cash operating expenses	(78,148)	(53,408)	(113,881)	(76,181)
	(73,104)	(50,228)	(102,090)	(68,899)
Financing activities				
Exercise of options	20,000	-	20,000	-
Exercise of warrants	-	219,528	2,000	219,528
	20,000	219,528	22,000	219,528
Investing activities				
Mineral property additions	(233,751)	(156,941)	(379,385)	(215,208)
Foreign exchange gain (loss) on cash held in foreign currency	-	(3,239)	-	(28)
Increase (decrease) in cash and cash equivalents	(286,855)	9,120	(459,475)	(64,607)
Cash and cash equivalents:				
Beginning of period	662,066	451,902	834,686	525,629
End of period	$ 375,211	$ 461,022	$ 375,211	$ 461,022

Supplementary Information:
Interest and taxes
No cash was expended on interest or taxes during the six and three month periods ended March 31, 2008 and March 31, 2007.

Non-cash transactions:
During the six months ended March 31, 2008, the Company granted stock options to officers and directors resulting in a non-cash charge of $109,000, (2007 – $27,000), being included in general and administrative expenses. Note 7

During the six months ended March 31, 2008, the Company issued 300,000, (2007 – 200,000) common shares, pursuant to the Taylor Brook acquisition agreement. The non-cash transaction was valued at $60,000, (2007 - $29,000), using the closing price of the Company's shares on the share issue date.

See accompanying notes to the financial statements.

1. Basis of presentation, 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 is considered to be in the development stage. These interim consolidated financial statements include the accounts of the Company and its wholly-owned US subsidiary NAMCOEX Inc.

These interim consolidated financial statements have been prepared by management on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing or to commence profitable operations. The Company will periodically have to raise additional funds to continue operations and, while it has successfully issued equity to finance operations and exploration in the past, there can be no assurance it will be able to do so in the future. These financial statements do not give effect to adjustments to the carrying values and classifications of assets and liabilities that would be necessary if the Company were unable to continue as a going concern.

These interim consolidated financial statements, that were not subject to audit or review by the Company's external accountants, follow the same accounting policies and methods of computation as the audited financial statements for the year ended September 30, 2007 except for the adoption of the accounting policies described in note 2 below. These interim unaudited consolidated financial statements should be read in conjunction with the audited consolidated financial statements for the year ended September 30, 2007 as not all disclosures required by Generally Accepted Accounting Principles for annual financial statements are presented.

2. Currently adopted and future accounting policies

Currently adopted

Effective October 1, 2007, the Company adopted the following accounting standards on a prospective basis with no restatement of prior period financial statements.

Section 1535, Capital Disclosures, specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv)if it has not complied, the consequences of such non-compliance.

Sections 3862, Financial Instruments – disclosures, and 3863, Financial Instruments – presentation, replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 1506, Accounting Changes, provides revised standards for changes in accounting policy, estimates or errors. A change in accounting policy must be applied retrospectively, (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates must be recorded prospectively, and prior period errors must be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

Future

Section 1400, General Standards of financial Statement Presentation, has been amended effective for the Company's first quarter ended December 31, 2008, to include requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section is not expected to materially alter the Company's disclosure in future periods.

3. **Mineral properties and equipment**

The following exploration and acquisition costs were incurred during the six month periods ended March 31, 2008 and March 31, 2007 respectively:

2008	Total	Newfoundland & Labrador		Other Properties
		Taylor Brook	Viking	
Exploration expenditures:				
Cumulative exploration costs to Sept. 30, 2007	$ 121,647	$ 78,067	$ 43,580	$ -
Geological consulting	59,775	33,440	22,085	4,250
Drilling	170,702	170,702	-	-
Trenching	28,900	-	28,900	-
Travel and accommodation	21,627	8,328	13,299	-
Equipment rental	8,608	3,358	5,250	
Field	9,508	7,296	2,212	-
Geochemical	10,910	9,362	1,548	-
Geophysical	6,960	4,450	2,510	-
Air support	5,118	-	5,118	-
Asset retirement obligation accrual	5,000	-	5,000	-
Write-down of mineral properties	(4,250)	-	-	(4,250)
Cumulative exploration costs to March 31, 2008	**444,505**	**315,003**	**129,502**	-
Property acquisition costs:				
Cumulative acquisition costs to Sept. 30, 2007	54,313	29,000	25,313	-
Acquisition costs incurred	75,270	60,000	15,270	-
Cumulative acquisition costs to March 31, 2008	**129,583**	**89,000**	**40,583**	-
Total mineral properties March 31, 2008	**$ 574,088**	**$ 404,003**	**$ 170,085**	**$ -**
Equipment at cost	10,900			
Accumulated amortization	(1,239)			
Total mineral properties and equipment March 31, 2008	**$ 583,749**			

2007	Total	Taylor Brook,NF	Cold Springs,NV	Other Properties
Exploration expenditures:				
Cumulative exploration costs to Sept. 30, 2006	$ 39,938	$ -	$ 39,938	$ -
Geological consulting	33,088	4,175	19,575	9,338
Drilling	158,660	-	158,660	-
Travel	9,896	-	4,998	4,898
Field	2,486	-	2,486	-
Geochemical	15,032	-	15,032	-
Site restoration accrual	3,459	-	3,459	-
Mineral property write-offs	(258,384)	-	(244,148)	(14,236)
Cumulative exploration costs to March31, 2007	**4,175**	**4,175**	-	-
Property acquisition costs:				
Cumulative acquisition costs to Sept. 30, 2006	25,242	-	25,242	-
Acquisition costs incurred	30,132	29,000	1,132	-
Mineral property write-offs	(26,374)	-	(26,374)	-
Cumulative acquisition costs to March 31, 2007	**29,000**	**29,000**	-	-
Total mineral properties March 31, 2007	$ 33,175	$ 33,175	$ -	$ -

3. 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)	300,000	$ -	$ 200,000 (incurred)
Mar. 19, 2009	-	$ 50,000	$ 400,000
Mar. 19, 2010	-	$ 70,000	$ 700,000
Mar. 19, 2011	-	$ 80,000	$ 1,200,000
	500,000	$ 200,000	

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 in 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	135,000	$ -	$ 140,000
July 5, 2009	225,000	$ -	$ 350,000
July 5, 2010	310,000	$ -	$ 600,000
July 5, 2011	355,000	$ -	$ 1,200,000
	1,115,000	$ 15,000	

4. Asset Retirement Obligation

Changes in the asset retirement obligation for the six months ended March 31, 2008 are as follows:

Balance, September 30, 2007	$ 6,759
Change in retirement accrual	5,000
Accretion	800
Balance, March 31, 2008	12,559
Current portion of Asset Retirement Obligation	3,459
Non-current portion of Asset Retirement Obligation	$ 9,100

As at March 31, 2008, the Company has recorded a $3,000 US, ($3,459 CDN), accrual for estimated US site restoration expenses that will be incurred during the current fiscal year and $9,100 for costs to restore the Taylor Brook and Viking, Newfoundland & Labrador properties. The US costs pertain to the Company's Nevada properties for which acquisition agreements have been terminated and relate to restoration of the drill pad sites. The Taylor Brook and Viking costs are based on expected payments of $10,300 two years hence, discounted at 12% per annum. Management believes that there are no other significant legal obligations as at March 31, 2008 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.

5. 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
Warrants exercised	12,500	2,649	-	(12,500)	(649)
Stock-based compensation Note 7	-	-	109,000	-	-
Issued pursuant to mineral property option agreements	300,000	60,000	-	-	-
Options exercised	200,000	20,000	-	-	-
Balance March 31, 2008	**48,154,680**	**$9,985,048**	**$657,848**	**2,406,247**	**$132,132**

Refer to Subsequent Event, note 10, regarding capital stock and warrants issued pursuant to the private placement financing that closed in April, 2008.

c) Stock options outstanding

	Number of shares		Exercise
Expiry	Mar. 31, 2008	Sept. 30, 2007	Price
March 23, 2008	-	200,000	$0.10
August 1, 2011	625,000	625,000	$0.10
December 11, 2011	500,000	500,000	$0.10
May 8, 2012	100,000	100,000	$0.15
October 17, 2012	925,000	-	$0.22
	2,150,000	1,425,000	

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

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

c) Stock options outstanding (continued)

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.

d) Stock option transactions

	Number of options	Weighted Average Exercise Price
As at September 30, 2007	1,425,000	$ 0.10
Granted	925,000	$ 0.22
Exercised	(200,000)	$ 0.10
As at March 31, 2008	2,150,000	$ 0.15

e) Warrants outstanding and warrant transactions

	Warrants at $0.16 expiring May 2, 2009	Finders' warrants at $0.12 expiring May 2, 2009	Total
Balance September 30, 2007	2,210,414	208,333	2,418,747
Warrants exercised	(12,500)	-	(12,500)
Balance March 31, 2008	2,197,914	208,333	2,406,247

The $0.16 private placement warrants allow the purchase of the indicated number of shares while the finders' warrants allow the purchase of 208,333 units, (finders' units). Each of the finders' units is in turn comprised of one common share and one-half share purchase warrant. Each whole warrant may be exercised to acquire one common share at $0.16 per share to May 2, 2009. Refer also to subsequent event, note 10.

6. Financial instruments

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

Category	Carrying value March 31, 2008	Carrying value Sept. 30, 2007
Held for trading (Cash and Cash Equivalents)	$375,211	$ 834,686
Loans and receivables (Accounts receivable)	$ 6,414	$ 5,192
Other financial liabilities (Accounts payable and accrued liabilities and Due to related parties)	$ 36,158	$ 59,806

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 3.46% at March 31, 2008.

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 does not currently utilize market risk sensitive instruments to manage its exposure to foreign currency exchange rates, although it may do so in the future. The Company currently maintains less than $3,000 in US funds, consequently variations in exchange rates will not result in material foreign exchange gains or losses at this point in time.

7. Stock-based compensation

Included in general and administrative expenses for the six months ended March 31, 2008 is stock based compensation in the amount of $109,000 (2007 - $27,000). The fair value of the compensation was determined using the Black-Scholes Option Pricing Model using the following information and assumptions:

Six months ended March 31,	2008	2007
Number of options granted	925,000	500,000
Exercise price	$0.22	$0.10
Expected stock price volatility	99%	98%
Risk-free interest rate	4.17%	3.86%
Expected option life	2 years	2 years
Expected dividend yield	-	-

8. Related Party Transactions

During the six months ended March 31, 2008, the Company was billed $6,100, (2007 - $4,400), for its share of base office lease costs and $12,300, (2007 - $6,100), for its share of lease operating and general and administrative costs, by a company related by virtue of certain common officers and directors. 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 six months ended March 31, 2008 was $6,900, (2007 - $10,700). Officers of the Company billed for their consulting services at hourly or daily rates, either personally or through their corporate employers. The aggregate billed for the six months ended March 31, 2008 was $93,800, (2007 - $48,900). Related party payables at March 31, 2008 and September 30, 2007 related to the aforementioned billings that were unpaid at period end.

Directors were paid $5,100 during the six months ended March 31, 2008.

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.

9. Commitments

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:

Remainder of 2008 $ 6,100 **each of 2009 through 2011** $12,100 **2012** $3,000

In addition, the company is committed to pay its share of annual associated lease operating costs, which are expected to aggregate $ 8,000 for the year ended September 30, 2008. See also Note 3 regarding mineral property acquisition commitments.

Subsequent to March 31, 2008, the Company entered into an agreement with a drilling contractor that requires a minimum charge of $10 for every meter that the drilling program falls below the guaranteed minimum of 1,000 meters, resulting in a maximum liability of $10,000 in the event that the Company did not drill at all. The drill contract costs to completion of the drilling are expected to aggregate approximately $160,000.

10. Subsequent Event

Subsequent to period-end the Company closed a non-brokered private placement comprised of 1,929,029 units, (Common Units), at a price of $0.155 per Common Unit and 1,694,439 flow-through common shares at a price of $0.18 per share, for combined gross proceeds of $604,000. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one additional common share at a price of $0.23 per share to April 2, 2010.

11. Segment disclosures
During the six months ended March 31, 2008, all mineral exploration activities were undertaken in Canada. During the period ended March 31, 2007, mineral acquisition and exploration activities were undertaken in the U.S., through the Company's wholly owned United States subsidiary, NAMCOEX Inc., and in Canada. Virtually all expenditures, with the exception of U.S. exploration expenditures, were incurred in Canada during both fiscal periods. Categories of revenue and assets allocated to geographic region are as follows:

As at, or for the six months ended, March 31, 2008	**Canada**	**United States**	**Total Enterprise**
Interest revenue	$ 11,791	$ -	$ 11,791
Abandonments and mineral property write-down	$ 4,250	$ -	$ 4,250
Net loss	$ 229,203	$ 2,200	$ 231,403
Total assets	$ 971,904	$ 10,383	$ 982,287
Capital assets – mineral properties and equipment	$ 583,749	$ -	$ 583,749
Additions to capital assets	$ 413,278	$ -	$ 413,278

As at, or for the six months ended, March 31, 2007	**Canada**	**United States**	**Total Enterprise**
Interest revenue	$ 7,282	$ -	$ 7,282
Abandonments and mineral property write-down	$ 1,800	$ 282,958	$ 284,758
Net loss	$ 98,429	$ 282,967	$ 381,396
Total assets	$ 490,827	$ 23,256	$ 514,083
Capital assets - mineral properties	$ 33,175	$ -	$ 33,175
Additions to capital assets	$ 34,975	$ 217,778	$ 252,753

12. 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. 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 all capital that is surplus to its immediate operational needs in short-term, liquid and highly-rated financial instruments such as Bankers' Acceptances.

The Company is currently not subject to externally imposed capital requirements.

13. Seasonality or Cyclicality
The Company incurs the majority of its Canadian exploration expenditures during spring, summer and fall. The Company's US exploration was not limited by winter weather and consequently occurred year round.

NORTHERN ABITIBI MINING CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED MARCH 31, 2008

The information included in this document should be read in conjunction with the unaudited consolidated financial statements for the six months ended March 31, 2008 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 May 14, 2008. 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. None of the Company's properties are in production. Consequently, the Company's net income is a less meaningful indicator of its performance or potential.

2) Highlights - six months ended March 31, 2008

a) The Company completed the first phase, eight-hole drill program on Taylor Brook for a total of 1,205 meters.
b) Drill results for the Taylor Brook drill program included 0.18% Ni over 0.97 meters from 7.73 to 6.70 meters depth and 0.13% Ni , 0.21% Cu and 0.03% Co over one meter from 35.66 to 36.66 meters depth.
c) The Company conducted a trenching program on Viking, uncovering 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.
d) The Company completed a down-hole pulse EM survey at Taylor Brook on two drill holes and discovered conductors that will be drill-tested in the upcoming drill program.

2) Highlights - six months ended March 31, 2008 (continued)

e) Subsequent to March 31, 2008, the Company completed a private placement financing comprised of common share units and flow-through common shares for gross proceeds of $604,000.

f) Subsequent to March 31, 2008, the Company commenced a drill program on the Taylor Brook property.

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, or alternatively issuing the equivalent market value of its common shares at its election, and spending $1,200,000 on exploration over four years, (incurred $315,000 to March 31, 2008). 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 which 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 November and December, 2007 the Company drilled eight holes for a total of 1,205 meters. The budget for the program was $200,000 and actual costs approximated $220,000. The intercepts included 0.18% Ni over 0.97 meters from 7.73 to 6.70 meters depth and 0.13% Ni, 0.21% Cu and 0.03% Co over one meter from 35.66 to 36.66 meters. All of the holes drilled into the "Southern Margin" intersected zones containing anomalous Ni/Cu/Co associated with sulfide-bearing intrusive breccias containing between 0.01% and 0.07% Ni.

Ore grade intercepts were not encountered in drilling, however, a much better understanding of the nature and distribution of the mafic-ultramafic intrusive complex has been obtained allowing for a refined exploration model to be developed. The mafic-ultramafic intrusive suite is proving to be much larger at depth than on surface, and remains open along strike. The three large airborne geophysical conductors that surround the high grade Layden showing were not drill tested during the first phase of drilling due to deep snow conditions. An interpretation of the subsurface geometry of the mafic intrusion indicates the strongest and most southerly airborne geophysical conductor coincides with the projected margin of the southeast-plunging mafic-ultramafic intrusive body. This geophysical conductor remains an excellent drill target for massive sulfides. The new data also shows that the holes drilled into the "Southern Margin" of the intrusion as mapped on surface, were actually drilled into the top portion of a southeast plunging intrusion. It appears that the actual margins, where massive sulfide lenses are typically found, remain largely untested.

In March, 2008 the Company conducted a downhole pulse electromagnetic survey on two drill holes. Preliminary data indicates that there are two conductors that will be drill tested through second phase of drilling, budgeted at approximately $256,000, commencing this month. The drill program will further target the several large airborne conductors that were not tested during the December, 2007 drill program.

3) Mineral Properties (continued)

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 90,000 shares to March 31, 2008), and spending $1,200,000 on exploration over four years, (incurred $130,000 to March 31, 2008). 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 in February, 2008 and this was paid.

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. The eastern soil anomaly has never been trenched or drill tested, but is also considered to be an excellent target for gold exploration.

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 Company is pleased with the results of this first phase of trenching. The program confirmed the potential for a large, high-grade, gold vein system. 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.

The second phase exploration program with a budget of approximately $115,000, expected to commence in late May or early June of 2008, will include a major trenching program along with detailed geological mapping and sampling. Pending financing, drill testing of all significant mineralized zones is tentatively planned for the fall of 2008, (the cost of a 1,000 meter drill program would approximate $255,000).

4) Operating Results

Six months ended March 31, 2008 compared to six months ended March 31, 2007

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

Six months ended March 31, 2008 compared to the six months ended March 31, 2007

Six months ended March 31	**2008**	**2007**
General and administrative expenses	$(210,308)	$ (77,491)
Reporting to shareholders	(16,960)	(19,439)
Professional fees	(4,434)	(1,792)
Stock exchange and transfer agent fees	(5,203)	(5,170)
Foreign exchange gain	-	(28)
Interest income	11,791	7,282
Amortization of capital assets	(1,239)	-
Accretion of Asset Retirement Obligation	(800)	-
Write-down of mineral properties	(4,250)	(284,758)
Loss	$(231,403)	$(381,396)

4) Operating Results (continued)

The following summarizes the major expense categories comprising general and administrative expenses for the six months ended March 31, 2008 and March 31, 2007 respectively:

Six months ended March 31	2008	2007
Administrative consulting fees	$ 43,125	$ 14,714
Stock-based compensation	109,000	27,000
Occupancy costs	10,298	7,404
Office, secretarial and supplies	10,618	13,026
Website maintenance and networking	1,381	5,751
Travel and promotion	19,757	2,086
Insurance	11,050	7,510
Directors' fees	5,079	-
Total	$ 210,308	$ 77,491

General and administrative expenses increased approximately $133,000 from the prior period. The bulk of the increase was attributable to an increase in stock-based compensation of $82,000. Details of the calculation of the compensation expense are provided in note 7 to the financial statements. Administrative consulting costs increased approximately $28,000. The President and Vice-President Exploration attended several industry events in the current period that were not attended before, including the Vancouver Mineral Exploration Round-up in January and The Toronto PDAC in March, in addition to the Vancouver Cambridge show in January. Time spent attending these conferences and time spent preparing written materials and presentations contributed to this increase. Further, increased exploration activity in the six months as well as time associated with securing financing, contributed to greater administrative demands, including preparation of news releases and increased reporting requirements. Travel and promotion increased by $18,000 and this pertains to the conferences discussed above. This expense category included prepared materials, cost of booths and travel and accommodation for these conferences among other things.

Effective January, 2007, the Company's office sublease was renewed at considerably increased lease rates that were reflective of the Calgary rental market, resulting in a fiscal 2008 increase of $3,000 in occupancy costs. Costs associated with redesigning the Company's website aggregated approximately $5,000 during the comparative period with no comparable amount in the current period. The remaining website costs pertain to monthly maintenance. Directors' fees were not paid in prior years. In the current year a one-time payment in recognition of prior service was approved aggregating $3,779 and, effective October 1, 2007 outside Directors' fees of $500 per meeting attended in person and $300 for meetings attended by telephone, were approved. Insurance costs have increased because the Company acquired Directors' and Officers' insurance late in the third quarter of the previous year.

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

Six months ended March 31	2008	2007
Legal and filing fees	$ 2,739	$ 2,589
Tax preparation fees	1,995	-
Audit fees	(300)	(797)
Total	$ 4,434	$ 1,792

The increase in interest income related to greater average cash balances in the current period. The current period's mineral property write-down pertained to costs to review the Quebec property for which valid claims still exist but which was previously written-off. The prior year write-down pertained to the Cold Springs, Nevada property.

4) Operating Results (continued)

Three months ended March 31, 2008 compared to three months ended March 31, 2007

Three months ended March 31	2008	2007
General and administrative expenses	$ (63,435)	$ (25,070)
Reporting to shareholders	(12,676)	(12,949)
Professional fees	(2,849)	(2,212)
Stock exchange and transfer agent fees	(2,877)	(2,781)
Foreign exchange loss	-	(3,239)
Interest income	5,044	3,180
Amortization of capital assets	(619)	-
Accretion of Asset Retirement Obligation	(800)	-
Mineral property write-down	(2,250)	(278,230)
Loss	$ (80,462)	$(321,301)

The following summarizes the major expense categories comprising general and administrative expenses for the three months ended March 31, 2008 and March 31, 2007 respectively:

Three months ended March 31	2008	2007
Administrative consulting fees	$ 31,464	$ 8,745
Occupancy costs	5,632	4,909
Office, secretarial and supplies	5,301	6,027
Website maintenance	1,053	132
Travel and promotion	13,660	1,507
Insurance	5,525	3,750
Directors' fees	800	-
Total	$ 63,435	$ 25,070

Explanations for the significant changes in general and administrative expenses can be found in the discussion pertaining to the six month comparatives.

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

Three months ended March 31	2008	2007
Legal and filing fees	$ 1,154	$ 2,212
Tax preparation fees	1,995	-
Audit fees	(300)	-
Total	$ 2,849	$ 2,212

With limited US cash amounts being maintained and very little variance in the US to Canadian dollar exchange rates in fiscal 2008, there was no foreign exchange gain or loss in the current period. The increase in interest income related to greater average cash balances in the current period. The current period's mineral property write-down pertained to costs to review the Quebec property for which valid claims still exist but which was previously written-off. The prior year write-down pertained to the Cold Springs, Nevada property.

5) Liquidity and Capital Resources

The Company's working capital position at March 31, 2008 was $351,000, (September 30, 2007 - $794,000). Cash has decreased $459,000 from September 30, 2007. The fiscal 2008 exercise of warrants for proceeds of $2,000, (2007 - $220,000), and the fiscal 2008 exercise of options for proceeds of $20,000, (2007 - $Nil), were the only sources of cash in the six month periods. Administrative costs in excess of interest income utilized $102,000 of cash, (2007 - $69,000). Further, the Company expended approximately $379,000 of cash on mineral properties and equipment, (2007 - $215,000) during the respective six month periods.

5) Liquidity and Capital Resources (continued)
There was a $29,000 decrease in accounts payable from September 30, 2007 to March 31, 2008. At September 30, 2007 the Company had significant payables pertaining to their Viking trenching program that was undertaken in September. There were no programs underway in March, 2008 due to weather and snow conditions.

The Company has sufficient cash to finance general and administrative expenses, reporting to shareholder costs, professional fees and stock exchange and transfer agent fees for a year, as well as the proposed exploration program for fiscal 2008, given its recent private placement financing, (see below). The Company will require additional financing to cover additional exploration and future years' general and administrative costs. While the Company has successfully raised equity funds in the past, there are no guarantees that it will continue to do so in the future.

6) Financing
On April 2, 2008, the Company closed a non-brokered private placement for gross proceeds of $604,000. The private placement was comprised of 1,929,029 units, (Common Units), at a price of $0.155 per Common Unit and 1,694,439 flow-through common shares at a price of $0.18 per share. Each Common Unit consists of one common share and one-half of one common share purchase warrant. Each whole common share purchase warrant will entitle the holder to purchase one additional common share at a price of $0.23 per share to April 2, 2010. The proceeds of the private placement will finance the phase two exploration programs at Taylor Brook and Viking, investigating new property acquisitions and future general and administrative and operating costs.

During the year ended September 30, 2007, the Company closed a non-brokered private placement of 4,583,333 units at a price of $0.12 per unit for gross proceeds of $550,000. Each unit was comprised of one common share and one-half of one share purchase warrant. A cash finder's fee of $25,000 was paid out of the gross proceeds and the Company issued "Finder's Warrants" to allow the purchase of 208,333 units to May 2, 2009 at $0.12 per unit. Each of these units is comprised of one common share and one-half share purchase warrant. Each whole share purchase warrant entitles the holder to purchase an additional common share at a price of $0.16 per share to May 2, 2009. The proceeds of this financing have been utilized to finance the phase one and a portion of the phase two exploration programs on Taylor Brook and the phase one exploration program on Viking.

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.

Combined contractual cash obligations for the following five **fiscal** years ended September 30 follow:

Nature of obligation	Remainder of 2008	2009	2010	2011	2012
Office Lease base rent	$ 6,100	$12,100	$12,100	$12,100	$ 3,000
Mineral property acquisition	$ -	$50,000 *	$70,000 *	$80,000 *	$ -
Total	$ 6,100	$62,100	$82,100	$92,100	$ 3,000

* 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 March 31, 2008 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:

	Remainder of 2008	2009	2010	2011	2012
Common shares	135,000	225,000	310,000	355,000	-
Cumulative exploration expenditures	$340,000	$750,000	$1,300,000	$2,400,000	-

Subsequent to March 31, 2008, the Company entered into an agreement with a drilling contractor that requires a minimum charge of $10 for every meter that the drilling program falls below the guaranteed minimum of 1,000 meters, resulting in a maximum liability of $10,000 in the event that the Company did not drill at all. The budgeted cost for the entire drilling program is $256,000.

8) Exploration Expenditures

Refer to "Mineral Properties," note 3 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,	2007	2006	2005
Financial Results			
Interest Income and other	$ 24,241	$ 13,883	$ 11,000
Net and Comprehensive Loss	$ (489,025)	$ (296,596)	$ (96,684)
Basic and diluted loss per share	$ (0.01)	$ (0.01)	$ 0.00
Financial Position			
Working capital	$ 793,703	$ 525,798	$ 619,765
Total assets	$ 1,040,538	$ 621,619	$ 692,925
Capital Stock	$ 9,902,399	$ 9,143,390	$ 9,008,231
Warrants	$ 132,781	$ 279,779	$ 307,000
Contributed Surplus	$ 548,848	$ 298,467	$ 183,206
Deficit	$ (9,610,055)	$ (9,121,030)	$(8,824,434)

Included in the loss for 2007 is a write-off of mineral properties aggregating $291,000, (2006 - $164,000, 2005 - $4,000). Stock-based compensation expense of $33,500 in 2007, (2006 - $28,000, 2005 - $Nil), also contributed to the increase in loss relative to previous years.

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	March 31 2008 (Q2 2008)	Dec 31 2007 (Q1 2008)	Sept 30 2007 (Q4 2007)	June 30 2007 (Q3 2007)	Mar.31 2007 (Q2 2007)	Dec.31 2006 (Q1 2007)	Sept. 30 2006 (Q4 2006)	June 30 2006 (Q3 2006)
Interest & Other	$ 5,044	$ 6,747	$ 10,135	$ 6,824	$ 3,180	$ 4,102	$ 4,481	$ 3,452
Net loss before mineral property write-offs	(78,212)	(148,941)	(38,209)	(63,510)	(43,071)	(53,567)	(60,923)	(42,317)
Mineral property write-offs	(2,250)	(2,000)	(451)	(5,459)	(278,230)	(6,528)	3,065	(450)
Net and comprehensive loss	$(80,462)	$(150,941)	$(38,660)	$(68,969)	$(321,301)	$(60,095)	$(57,858)	$(42,767)
Basic and diluted loss per share	$0.00	$ 0.00	$ 0.00	$ 0.00	$ (0.01)	$ 0.00	$ 0.00	$ 0.00

The most significant influence on net income/loss is the amount of mineral property write-offs. Timing of the Company's 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, $28,000 in the fourth quarter of 2006, $27,000 in the first quarter of 2007 and $6,500 in the third quarter of 2007 all increased the losses in the respective quarters.

General and administrative expenses tend to be higher in the quarters ended March 31 and June 30 because annual report and other annual mailings as well as annual meeting costs tend to be incurred in these periods.

12) Directors and Officers

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

13) Related Party Transactions

The following non-arm's length transactions occurred during the six months ended March 31, 2008:

i) paid or accrued $6,100, (2007 - $4,400), to a corporation related by virtue of common officers and directors for rent of shared office space and $12,300, (2007 - $6,100), for lease operating and miscellaneous administrative costs.

ii) paid or accrued $93,800, (2007 - $48,900), 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) paid or accrued to a corporation related by virtue of common officers and/or directors, $6,900, (2007 - $10,700), 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.

14) Capital Stock

a) Issued:

Refer to Note 5 to the financial statements. The following details changes to capital stock, warrants and contributed surplus from April 1, 2008 to May 14, 2008.

	Number of Shares	Shares Amount	Contributed Surplus	Number of Warrants	Warrants Amount
Balance March 31, 2008	**48,154,680**	**$ 9,985,048**	**$657,848**	**2,406,247**	**$132,132**
Private Placement units	1,929,029	221,000	-	964,513	78,000
Private Placement Flow-through shares	1,694,439	305,000	-	-	-
Share issue costs	-	(5,967)	-	-	-
Balance May 14, 2008	**51,778,148**	**$10,505,081**	**$657,848**	**3,370,760**	**$210,132**

b) Stock Options and Warrants

i) Options

Refer to Note 5 to the financial statements for details of the option transactions occurring during the six months ended March 31, 2008 and period-end balances. During the period from April 1, 2008 to May 14, 2008, no options were granted or exercised and none expired.

ii) Warrants

Refer to Note 5 to the financial statements for details of warrants issued, exercised and expired during the six months ended March 31, 2008. Subsequent to March 31, 2008, 964,513 warrants were issued pursuant to a non-brokered private placement. Each warrant may be exercised to acquire one common share at $0.23 to April 2, 2010. There were no other warrant transactions during the period from April 1, 2008 to May 14, 2008.

15) Outlook

The Company's primary objective is to discover mineral resources in economic quantities capable of supporting an operating mine. As the Company does not have expertise in operating a mine, should it 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.

The Company is pleased to have raised $604,000 through the private placement that closed April 2, 2008. Management continues to evaluate possible property acquisitions in Canada, the United States and Mexico. The current budget for new property evaluations this fiscal year is $37,000. Management will consider looking at more advanced projects if a desirable deal can be arranged and the Company can finance it.

The Company plans to continue exploration on Viking and Taylor Brook including a second drill program on Taylor Brook, a trenching, sampling and geological mapping program on Viking and potentially a drill program on Viking.

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.

16) **Risks** (continued)

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 Exploration 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.

Another significant accounting estimate relates to accounting for stock-based compensation. 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 during the year.

18) New Accounting Policies

Currently adopted

Effective October 1, 2007, the Company adopted the following accounting standards related to financial instruments and capital disclosure. These accounting policy changes were adopted on a prospective basis with no restatement of prior period financial statements.

Section 1535, Capital Disclosures, specifies the disclosure of (i) an entity's objectives, policies and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv)if it has not complied, the consequences of such non-compliance.

Sections 3862, Financial Instruments – disclosures, and 3863, Financial Instruments – presentation, replace Handbook Section 3861, Financial Instruments – Disclosure and Presentation, revising and enhancing its disclosure requirements, and carrying forward unchanged its presentation requirements. These new sections place increased emphasis on disclosures about the nature and extent of risks arising from financial instruments and how the entity manages those risks.

Section 1506, Accounting Changes, provides revised standards for changes in accounting policy, estimates or errors. A change in accounting policy must be applied retrospectively, (unless doing so is impracticable or is specified otherwise by a new accounting standard), changes in estimates must be recorded prospectively, and prior period errors must be corrected retrospectively. Voluntary changes in accounting policy are allowed only when they result in financial statements that provide reliable and more relevant information. In addition, these revised standards call for enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements.

Future

Section 1400, General Standards of financial Statement Presentation, has been amended effective for the Company's first quarter ended December 31, 2008, to include requirements to assess and disclose the Company's ability to continue as a going concern. The adoption of this new section is not expected to materially alter the Company's disclosure in future periods.

19) Other

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

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