Northern Abitibi

Mining Corp.

2013
Annual Report

NORTHERN ABITIBI MINING CORP.
President's Message

Dear Shareholders;

For the past few years junior exploration companies have been faced with challenging global market conditions and a very difficult environment to source risk capital for mineral exploration. During the first part of 2014 we are starting to see indications that market conditions are improving and risk capital is slowly returning to the sector. Now is the ideal time to aggressively pursue property acquisition and exploration opportunities, while costs are low and opportunities are abundant.

Northern Abitibi is very pleased to announce it has recently entered into an agreement to purchase a 100% interest in the Ches copper-molybdenum-silver-gold tungsten exploration project in central British Columbia. At the Ches Property historic grab samples from surface outcrops have returned values up to 1% copper, 16 g/t silver, and 0.3% tungsten, and a historic assessment report on the property states average grades of 0.52% Cu and 4.7 g/t Ag over 350 metres from surface sampling along a zone exposed in road cuts (historic results, not confirmed). Northern Abitibi is planning a surface exploration program at Ches during the summer of 2014, consisting of trenching, mapping, and channel sampling, to further expand and verify the mineralized zones on the property.

The company continues to actively search for new early stage exploration opportunities and avenues for growth in stable jurisdictions within North America. Opportunities in Mexico, Nevada, and Canada will continue to be evaluated and pursued during 2014.

On behalf of the board of Directors, I would like to thank our stakeholders for their continued support and patience during these challenging market conditions, and we look forward to ramping up our exploration activities in 2014 and building value for our shareholders.

Respectfully submitted on
behalf of the Board of Directors

"Shane Ebert"

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

Northern Abitibi Mining Corp.
Consolidated Financial Statements
(Expressed in Canadian Dollars)
September 30, 2013

Contents

BDO

Tel: 403 266 5608
Fax: 403 233 7833
www.bdo.ca

BDO Canada LLP
620, 903 - 8th Avenue SW
Calgary AB T2P 0P7 Canada

Independent Auditor's Report

To the Shareholders of
Northern Abitibi Mining Corp.

We have audited the accompanying consolidated financial statements of Abitibi Mining Corp., which comprise the consolidated statement of financial position as at September 30, 2013 and the consolidated statement of profit and comprehensive loss, statement of cash flows, and statement of equity for the year ended September 30, 2013, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Northern Abitibi Mining Corp. as at September 30, 2013, and its financial performance and its cash flows for the year ended September 30, 2013 in accordance with International Financial Reporting Standards.

Tel: 403 266 5608
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www.bdo.ca

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Calgary AB T2P 0P7 Canada

Other Matter

The financial statements of Northern Abitibi Mining Corp. for the year ended September 30, 2012 were audited by another auditor who expressed an unmodified opinion on those statements on December 18, 2012.

BDO Canada LLP

Chartered Accountants
Calgary, AB
December 23, 2013

Northern Abitibi Mining Corp.
Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

		September 30 2013		September 30 2012
ASSETS				
Current Assets				
Cash and cash equivalents (Note 4)	$	**293,725**	$	345,914
Accounts receivable (Note 5)		**1,229**		4,575
Prepaid expenses		**11,641**		11,580
Short-term investments (Note 6)		**196,800**		45,250
		503,395		407,319
Assets held for sale (Note 7)		**247,300**		-
Non-current Assets				
Exploration and evaluation assets (Note 8)		**-**		1,400,000
Property, plant and equipment (Note 9)		**4,741**		6,491
		4,741		1,406,491
TOTAL ASSETS	$	**755,436**	$	1,813,810
EQUITY AND LIABILITIES				
Current Liabilities				
Accounts payable and accrued liabilities (Note 10)	$	**32,009**	$	52,772
Non-current Liabilities				
Decommissioning obligation (Note 11)		**47,300**		47,300
TOTAL LIABILITIES		**79,309**		100,072
EQUITY				
Share capital		**13,590,417**		13,590,417
Reserves		**1,886,077**		1,886,077
Deficit		**(14,800,367)**		(13,762,756)
TOTAL EQUITY		**676,127**		1,713,738
TOTAL EQUITY AND LIABILITIES	$	**755,436**	$	1,813,810

Nature of operations and going concern (Note 1)

Approved by the Board

"Douglas Cageorge"
___________________________ **Director**

"Jean Pierre Jutras"
____________________________ **Director**

See accompanying notes to consolidated financial statements.

Northern Abitibi Mining Corp.
Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)
For the years ended September 30

		2013		2012
Expenses				
General and administrative (Note 14)	$	**(84,089)**	$	(122,216)
Reporting to shareholders		**(6,320)**		(21,543)
Professional fees		**(30,717)**		(45,363)
Stock exchange and transfer agent fees		**(9,724)**		(10,616)
Depreciation		**(1,750)**		(2,555)
Impairment charges		**(177,700)**		(2,394,966)
Pre-acquisition exploration and evaluation asset expenditures		**(6,262)**		-
Loss before other items		**(316,562)**		(2,597,259)
Other items				
Income from flow-through shares		-		123,000
Interest and other		**2,402**		3,075
Loss from short-term investments		**(730,451)**		(21,750)
Gain on sale of exploration and evaluation assets		**7,000**		-
		(721,049)		104,325
Net loss and comprehensive loss for the year	$	**(1,037,611)**	$	(2,492,934)
Basic and diluted loss per share (Note 15)	**$**	**(0.01)**	**$**	(0.03)
Weighted average shares outstanding - basic and diluted (Note 15)		**83,959,126**		83,959,126

Nature of operations and going concern (Note 1)

See accompanying notes to the consolidated financial statements.

Northern Abitibi Mining Corp.
Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)
For the years ended September 30

		2013		2012
Increase (decrease) in cash and cash equivalents				
Operating activities				
Cash paid to suppliers and contractors	$	**(154,590)**	$	(183,563)
Cash used in operating activities (Note 19)		**(154,590)**		(183,563)
Investing activities				
Interest and other income received		**2,402**		3,075
Cash received for assets held for sale		**100,000**		-
Cash expended on exploration and evaluation asset additions net of recoveries		**-**		(98)
Government incentive receipts		**-**		100,000
Cash provided by investing activities		**102,402**		102,977
Financing activities				
Part XII.6 tax paid		**-**		(486)
Decrease in cash and cash equivalents		**(52,188)**		(81,072)
Cash and cash equivalents:				
Beginning of period		**345,914**		426,986
End of period	$	**293,725**	$	345,914

Supplementary information:

Interest and taxes

Apart from the XII.6 tax disclosed above, no cash was expended on interest or taxes during the years ended September 30, 2013 and September 30, 2012.

Non-cash transactions

2013
During the year ended September 30, 2013, the Company received 5,000,000 common shares of Spruce Ridge Resources Ltd., valued at $600,000 pursuant to the option agreement for the Viking property dated October 29, 2012. Refer to Note 7 "Assets held for sale" and Note 8 "Exploration and evaluation assets" for further details.

During the year ended September 30, 2013, the Company received 100,000 common shares of Commander Resources Ltd. valued at $7,000 for the sale of its Mineral License #17714M in Newfoundland and Labrador.

2012
During the year ended September 30, 2012, the Company granted stock options to an officer and recorded a non-cash charge for stock-based payment of $5,000 that is included in general and administrative expenses.

See accompanying notes to the consolidated financial statements.

Northern Abitibi Mining Corp.
Consolidated Statement of Changes in Equity
(Expressed in Canadian Dollars)

	Common share capital	Reserves: Equity-settled share based payment	Reserves: Warrants	Reserves: Other Reserves*	Reserves: Total Reserves	Deficit	Total
Balance, September 30, 2011	$ 13,590,417	$ 179,216	$ 763,934	$ 937,927	$ 1,881,077	$ (11,269,822)	$ 4,201,672
Net and comprehensive loss for the year	-	-	-	-	-	(2,492,934)	(2,492,934)
Stock-based compensation	-	5,000	-	-	5,000	-	5,000
Warrants expired	-	-	(544,934)	544,934	-	-	-
Stock options expired and forfeited	-	(38,359)	-	38,359	-	-	-
Balance, September 30, 2012	13,590,417	145,857	219,000	1,521,220	1,886,077	(13,762,756)	1,713,738
Net and comprehensive loss for the period	-	-	-	-	-	(1,037,611)	(1,037,611)
Stock options expired	-	(91,321)	-	91,321	-	-	-
Warrants expired	-	-	(219,000)	219,000	-	-	-
Balance, September 30, 2013	**$ 13,590,417**	**$ 54,536**	**$ -**	**$ 1,831,541**	**$ 1,886,077**	**$ (14,800,367)**	**676,127**

*Other reserves is comprised of the aggregate of options and warrants that expired or were forfeited without exercise. These values were relieved from share based payment reserve and warrants reserve respectively upon the expiry of the equity instrument.

See accompanying notes to the consolidated financial statements

1. Nature of operations

Northern Abitibi Mining Corp. ("Northern Abitibi" or "the Company") is engaged in the business of mineral exploration and development in Canada. The Company was originally incorporated under the laws of the Province of Quebec, Canada and has been continued under the Business Corporations Act (Alberta), Canada. The address of its primary office is Suite 800, 808 - 4th Avenue SW, Calgary, Alberta, Canada, T2P 3E8. The Company's common shares are listed on the TSX Venture Exchange under the trading symbol NAI.

Since inception, the efforts of the Company have been devoted to the acquisition, exploration and development of mineral properties. To date the Company has not received any revenue from mining operations and has not determined whether its mineral exploration properties contain ore reserves that are economically recoverable.

Mineral properties are recognized in these financial statements in accordance with the accounting policies outlined in *Note 3 (f) "Exploration and evaluation assets"*. Accordingly, their carrying values represent costs incurred to date, net of recoveries, abandonments and impairments. 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 in its mineral exploration properties.

2. Basis of presentation

a) Basis of presentation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Reporting Interpretations Committee ("IFRIC"), effective for the periods ended September 30, 2013 and 2012 using the significant accounting policies outlined in Note 3. The consolidated statements were authorized for issue by the board of directors on December 23, 2013.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 13 and decommissioning obligation described in Note 11. In addition, these statements have been prepared using the accrual basis of accounting except for cash flow information.

The presentation and functional currency of the Company is the Canadian dollar.

b) Principles of consolidation

These consolidated financial statements include the accounts of the Company and its now dormant, wholly-owned US subsidiary, NAMCOEX Inc. NAMCOEX was incorporated by the Company during the year ended September 30, 2005 to acquire Nevada mineral property interests. All intercompany transactions and balances have been eliminated on consolidation. Subsidiaries are those entities that the Company controls through its power to govern the financial and operating policies of the subsidiary. Subsidiaries are consolidated from the date control is obtained and are de-consolidated from the date control ceases.

(Expressed in Canadian Dollars)

3. Significant accounting polices

a) New accounting policies

Northern Abitibi did not adopt any new accounting policies during the year ended September 30, 2013.

b) Recent accounting pronouncements

Certain new accounting standards, interpretations and amendments to existing standards have been issued by the IASB or IFRIC that are mandatory for periods subsequent to those disclosed in these financial statements. Many are not applicable or do not have a significant impact to Northern Abitibi and have been excluded from below. Relevant pronouncements include the following:

i) IFRS 9 - Financial Instruments

IFRS 9 - Financial instruments, and consequential amendments to other related standards, is effective for accounting periods commencing on or after January 1, 2015, however, the Company has chosen to early-adopt this section.

ii) IFRS 10 - Consolidated Financial statements and IFRS 12 - Disclosure of Interests in Other Entities

IFRS 10 - Consolidated Financial statements and IFRS 12 - Disclosure of Interests in Other Entities, were issued and replace International Accounting Standard ("IAS") 27 - Consolidated and Separate Financial Statements and Standing Interpretations Committee ("SIC“) Interpretation 12 - Consolidation - Special Purpose Entities for guidance on the consolidation model which identities the elements of control and provide a comprehensive standard on disclosure requirements for all forms of interest in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structure entities. These standards are effective for annual periods beginning on or after January 1, 2013. The Company does not anticipate that this new standard will have a significant impact on its financial reporting.

iii) IFRS 13 - Fair value measurement

IFRS 13 is a comprehensive standard describing fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. IFRS 13 is effective for years beginning on or after January 1, 2013. The Company is currently assessing the effect, if any, on its financial statements.

c) Financial Instruments

The Company's financial instruments consist of the following:

Financial Assets	**Classification**
Cash and cash equivalents	Financial asset measured at amortized cost
Accounts receivable	Financial asset measured at amortized cost
Short-term investments	Financial asset measured at fair value

Financial Liabilities	**Classification**
Accounts payable and accrued liabilities	Financial liabilities measured at amortized cost

The Company records financial assets initially at fair value and subsequently measures these financial assets at either amortized cost or fair value on the basis of both the Company's business model for managing the

3. Summary of significant accounting policies (continued)

c) Financial Instruments (continued)

financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost if both of the following conditions are met:

1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and,
2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

If the financial asset is not measured at amortized cost as per the above, the financial asset is measured at fair value.

Financial asset measured at fair value
Financial assets measured at fair value are carried at fair value at each period end, with the related gains and losses recognized in profit or loss. The sale of equity investments is accounted for using trade date accounting.

Financial assets measured at amortized cost
Financial assets measured at amortized cost are recorded at fair value upon initial recognition, plus any applicable transaction costs that are directly attributable to the acquisition of the financial asset, and subsequently carried at amortized cost, using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost is recognized in profit or loss when the financial asset is derecognized, impaired, or reclassified.

Financial liabilities measured at amortized cost
Financial liabilities measured at amortized cost are recorded at fair value upon initial recognition, less any applicable transaction costs that are directly attributable to the acquisition of the financial liability, and are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial liability that is measured at amortized cost is recognized in profit or loss when the financial liability is derecognized.

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

Impairment of financial assets
Financial assets carried at amortized cost are assessed for indicators of impairment at the end of each reporting period. These financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been negatively impacted. Evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty or,
- default or delinquency in interest or principal payments or,
- the likelihood that the borrower will enter bankruptcy or financial re-organization or,
- observable data that there is a measurable decrease in estimated future cash flows from a group of financial assets.

The carrying amount of financial assets is reduced by any impairment loss directly except in the case of accounts receivable, where the carrying amount is reduced through the use of an allowance account. When an account receivable is considered uncollectible, it is written-off against the allowance account. Subsequent

3. Summary of significant accounting policies (continued)

c) Financial Instruments (continued)

recoveries of accounts receivable previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in earnings.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined had no impairment loss been recognized in prior years.

d) Provisions

Provisions are recognized when the Company has a present obligation, whether legal or constructive, as a result of a past event for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation discounted using the pre-tax, risk-free rate, updated at each reporting date.

e) Decommissioning Obligation

Decommissioning obligations include obligations related to future removal of property and equipment, and site restoration costs. A liability, for the fair value of environmental and site restoration obligations, is recorded in accordance with the broader policy described in "d) Provisions" above. Provisions for restoration costs do not include any additional obligations that are expected to arise from future disturbance. The amortization or unwinding of the discount applied in establishing the net present value of provisions is charged to earnings in a systematic manner. Other movements in the provision, including those from new disturbance, updated cost estimates, changes to the lives of operations and revisions to discount rates are capitalized to exploration and evaluation assets. The amounts included in capitalized costs are depleted using the unit-of-production method at such point that the mineral property achieves commercial production, or the costs will be written-off at such time that management considers that the value of the related property has been impaired.

f) Exploration and evaluation assets

The Company is in the exploration stage with respect to its investment in mineral properties. The Company capitalizes costs directly related to the acquisition, exploration and evaluation of mineral properties. Such costs include, but are not restricted to, geological, geophysical, drilling, trenching and sampling costs including the support costs and supplies required in relation thereto. These assets are recorded at cost as adjusted for impairments in value. Impairment is assessed when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. In assessing impairment, exploration and evaluation assets are grouped into Cash Generating Units, ("CGU's"), on the basis of areas of interest. Management groups mineral claims that are contiguous and specific to an area that encompasses the same prospective

3. Summary of significant accounting policies (continued)

f) Exploration and evaluation assets (continued)

minerals, into one area of interest and assigns a name to this mineral property. Each named mineral property is considered an area of interest and a CGU.

Although not an exhaustive list, one or more of the following facts and circumstances indicate that a specific CGU should be tested for impairment:

- The period for which the entity has the right to explore in the specific area has expired during the financial statement period or will expire in the near future and is not expected to be renewed.
- Substantive expenditures on further exploration for, and evaluation of, mineral resources in the specific area is neither budgeted nor planned.
- Exploration for and evaluation of mineral resources in the specific area has not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area.
- Sufficient data exists to indicate that, although a development in the specific area is likely to proceed, the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or sale.

An impairment loss may be reversed in a situation where there is a change in the circumstances that had initially dictated that an impairment had occurred. An example of such a situation might include, but not be limited to, the re-commencement of exploration activity on a mineral property due to a significant change in commodity prices.

Where the Company's exploration commitments for a CGU are performed under option agreements with a third party, the proceeds of any option payments under such agreements are applied to the CGU to the extent of costs incurred. The excess, if any, is credited to operations. Option payments made by the Company are recorded as exploration and evaluation assets. Options are exercisable entirely at the discretion of the optionee and accordingly, are recorded as exploration and evaluation assets or recoveries when the payments are made or received. The proceeds on the sale of exploration and evaluation assets are applied to the area of interest to the extent of costs incurred and the excess, if any, is credited to operations. In some circumstances option payments received by or made by the Company are made in whole or in part through the issuance of common shares. The value of these share-based payments is calculated using the closing price of the shares on the date of issue as determined by the public exchange upon which they are listed as this is the most readily determinable value.

When the Company enters the development stage for a CGU, the exploration and evaluation costs are transferred into mine development costs and all subsequent expenditures on the construction, installation or completion of infrastructure net of incidental revenue, is capitalized. Upon commencement of commercial production, all mine development assets for the relevant CGU are transferred to producing mine assets at which point the costs will commence being charged to earnings on a unit-of-production basis.

g) Property, plant and equipment

On initial recognition, property, plant and equipment assets are valued at cost, being the purchase price plus the directly attributable costs of acquisition to bring the assets to the location and condition necessary for the assets to be put into use. Subsequent to acquisition, these assets are recorded at cost less accumulated depreciation. Depreciation methods and rates by significant categories of property, plant and equipment that are calculated to write off the cost of the assets, less estimated residual values, over their useful lives, are as follows:

	Depreciation method	Depreciation rate
Field vehicles	Declining balance	30 - 50%
Bridge	Straight-line	7 years
Computer equipment and software	Declining balance	50%

3. Summary of significant accounting policies (continued)

g) Property, plant and equipment (continued)

Residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Changes to estimated residual values or useful lives are accounted for prospectively as a change in estimate.

Property, plant and equipment are reviewed for impairment if there is an indication that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is assessed by reference to the higher of "value in use", (being the net present value of expected future cash flows of the relevant cash generating unit, ("CGU")), or "fair value less costs to sell". Where there is no binding sale agreement or active market, fair value less costs to sell is based on the best information available to reflect the amount the Company could receive for the assets in an arm's length transaction.

The discount rate applied in calculating net present value of expected future cash flows, is based upon pre-tax discount rates that reflect current market assessments of the time value of money and the risks associated with the relevant cash flows, to the extent that such risks are not reflected in the forecasted cash flows.

If the carrying amount of the asset exceeds its recoverable amount, the asset impairment loss is charged to earnings and reduces the carrying amount of the asset. A previously recognized impairment loss is reversed if the recoverable amount increases as a result of a reversal of the conditions that originally precipitated the impairment. This reversal is recognized in profit or loss and is limited to the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized in prior years.

Gains or losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in other gains and losses in the statements of profit or loss.

h) Flow-through common shares

Resource expenditure deductions for income tax purposes related to exploration and development activities funded by flow-through share proceeds are renounced to investors in accordance with income tax legislation.

At the time of closing a financing involving flow-through shares, the Company allocates the gross proceeds received as follows:

- Share capital - fair value of market price of shares;
- Warrant reserve - if warrants are being issued, based on the valuation derived using the Black-Scholes option-pricing model; and
- Liability for obligation to flow-through shareholders - equal to the premium, if any, investors pay for the flow-through feature over the fair value of the share capital without the flow-through feature, representing the estimated value of the tax deductions that the Company is obligated to renounce to the investors.

At the end of each reporting period, the Company records an adjustment to its deferred tax expense/liability accounts for the taxable temporary difference arising from the transfer of tax benefits to investors pursuant to flow-through share agreements. For this adjustment, the Company considers the tax benefits to have been effectively transferred if it has renounced these expenditures at any time prior to the end of the reporting period and it has incurred qualifying expenditures by the end of the reporting period. This deferred tax impact is recognized as and when the expenditures have been renounced to investors and the expenditures have been incurred. To the extent that the Company has deferred tax assets, in the form of unutilized tax losses carry forward and other unused tax deductions, the Company uses the deferred tax assets to reduce its deferred tax liability that otherwise would be recognized.

If the Company has renounced the expenditures to the investors, the liability for obligation to flow-through shareholders is recognized as other income on the basis to which the qualifying expenditures are incurred in relation to the total amount of qualifying expenditures the Company has agreed to incur.

3. Summary of significant accounting policies (continued)

i) Gains and losses on short-term investments

The Company maintains an investment portfolio of publicly traded securities. These investments are recorded at fair value at year end and differences are recorded in income.

j) Foreign currencies

Both the presentation currency and functional currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the transaction dates. At each financial statement reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing on the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Non-monetary items that are carried at fair value and were measured in a foreign currency are translated at the rate prevailing at the date when the fair value was determined. Foreign exchange gains and losses on the foregoing transactions are recorded in profit or loss.

k) Significant accounting judgements and estimates

The preparation of financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets, 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 outcomes could differ from these estimates. Circumstances could arise over the years that would require material revisions to these estimates. Changes in assumptions could have a material effect on the fair value of estimates.

These financial statements include estimates that, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements and may require accounting adjustments based on future occurrences. Adjustments resulting from revisions to accounting estimates are recognized in the period in which the estimate is revised, and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Significant estimates include:

a) the carrying value of investments and the recoverability of the carrying value which is included in the balance sheet.
b) the carrying values of exploration and evaluation assets that are included in the balance sheet, including the assumptions that are incorporated into the impairment assessments, and the amount of impairments that are included in the statement of profit or loss. (Refer to Note 1)
c) the estimate of the amount of decommissioning obligation and the inputs used in determining the net present value of the liabilities for decommissioning obligations included in the balance sheet.

l) Share-based payment transactions

The fair value of stock options granted to employees is recognized as an expense over the vesting period with a corresponding increase in the equity-settled share based payment reserve in equity. Employees, for the purpose of this calculation, also include individuals who provide services similar to those performed by a direct employee, including directors and consultants of the Company. The fair value of the options granted is measured using the Black-Scholes Option Pricing Model taking into account the terms and conditions upon which the options were granted. Consideration received on the exercise of stock options is recorded as share capital and the related equity-settled share based payment amount is transferred to share capital.

3. Summary of significant accounting policies (continued)

If options expire without exercise, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

m) Earnings (loss) per share

Basic earnings (loss) per common share is computed by dividing the net earnings (loss) attributable to common shareholders by the weighted average number of common shares outstanding for the period. 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. Only “in-the-money” dilutive instruments impact the dilution calculations and potentially dilutive instruments shall only be treated as dilutive when their conversion to ordinary shares would decrease earnings per share or increase loss per share. Refer to Note 12 for a summary of options and warrants outstanding that could potentially dilute basic earnings per share in the future, but were excluded from the calculation in the periods disclosed because their effect was anti-dilutive.

n) Income taxes

Income tax on net earnings or loss for the period presented is comprised of current and deferred tax as applicable. Tax on income in interim periods is accrued using the tax rate that would be applicable to expected total annual earnings. Income tax pertaining to earnings or loss is recognized in earnings or loss; income taxes pertaining to items recognized directly in equity is recorded through equity. Current tax is the tax expected to be payable on the taxable income for the year calculated using rates that have been enacted or substantively enacted by the balance sheet date. It includes adjustments for tax expected to be payable or recoverable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Temporary differences are not provided for goodwill, not deductible for tax purposes, and the initial recognition of assets or liabilities that affect neither accounting nor taxable profit. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets are only recognized to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future and future taxable profit will be available against which the temporary difference can be utilized.

o) Government incentives

Through its exploration in Newfoundland and Labrador, the Company has benefited from government grants. These incentives are not repayable provided that the Company meets the requirements of the agreements, the most significant of which is that the incentives apply to qualifying expenditures. Qualifying expenditures are defined broadly within the grant agreement(s) as all reasonable expenses for contracted services, machinery rental, transportation of machinery, personnel and supplies or other approved costs in connection with specific Newfoundland exploration programs. The government grants are recognized when there is reasonable assurance that the Company will comply with the conditions of the grant and the grant will be received. The incentives reduce the mineral property costs to which they pertain in the period that the qualifying exploration expenditures are incurred or when collectability is reasonably assured if this is later. These government incentives are subject to review by the relevant granting authorities, and by their nature are subject to measurement uncertainty. Adjustments, if any, resulting from such a review are recorded in the period during which the final grant payment amount is assessed by the governing agency.

(Expressed in Canadian Dollars)

3. Summary of significant accounting policies (continued)

p) Leases

The Company leases office space pursuant to a sublease agreement that does not transfer substantially all the risks and rewards incidental to ownership. Consequently the lease is classified as an operating lease. The lease obligations are recognized as an expense on a straight-line basis over the term of the lease.

4. Cash and cash equivalents

Cash and cash equivalents is comprised of:

		Sept 30, 2013		Sept 30, 2012
Current bank accounts	$	**8,953**	$	25,970
Bankers' acceptances		**284,772**		319,944
	$	**293,725**	$	345,914

The interest rate in effect for the bankers' acceptances outstanding at September 30, 2013 was 0.98% and at September 30, 2012 was 0.99%.

5. Accounts receivable

		Sept 30, 2013		Sept 30, 2012
Trade receivables	$	**100**	$	1,793
Due from related parties		**435**		537
Sales tax receivables		**694**		2,245
	$	**1,229**	$	4,575

6. Short-term investments

		Sept 30, 2013		Sept 30, 2012
Société d'Exploration Minière Vior Inc.				
Common shares (Sept 30, 2013 - 750,000, Sept 30, 2012 - 750,000)	$	**15,000**	$	41,250
Warrants (Sept 30, 2013 - 200,000, Sept 30, 2012 - 200,000)		**300**		4,000
		15,300		45,250
Spruce Ridge Resources Ltd.				
Common shares (Sept 30, 2013 - 5,000,000, Sept 30, 2012 - Nil)		**175,000**		-
Commander Resources Ltd.				
Common shares (Sept 30, 2013 - 100,000, Sept 30, 2012 - Nil)		**6,500**		-
	$	**196,800**	$	45,250

Each warrant may be exercised to purchase one common share of Société d'Exploration Minière Vior Inc., at a price of $0.12 per share to August 24, 2015. The warrants were valued on the transaction date and as at the above noted period-end, using the Black Scholes option pricing model utilizing estimated volatility of 86%, a two year expected life, a risk free interest rate of 1.21% and an estimated dividend yield of $Nil.

The common shares of Société d'Exploration Minière Vior Inc., Spruce Ridge Resources Ltd. and Commander Resources Ltd. were valued at their fair value, based on their respective trading prices, at September 30, 2013 and September 30, 2012.

(Expressed in Canadian Dollars)

7. Assets held for sale

On October 29, 2012, the Company closed the option agreement for the sale of its 100% owned Viking Property to Spruce Ridge Resources Ltd. ("Spruce Ridge") in exchange for up to 10,000,000 common shares of Spruce Ridge plus cash payments.

To earn a 100% interest in the Viking Property, Spruce Ridge agreed to pay $200,000 in staged cash payments over 12 months and issue up to 10,000,000 shares to the Company. As of September 30, 2013, the Company received payments totaling $100,000 and 5 million Spruce Ridge shares at a value of $0.175 per share. Under the agreement a final payment was due on or before October 17, 2013.

Spruce Ridge was required to pay another $100,000 (Spruce Ridge could elect to issue up to 50% of the final cash payment by issuing additional shares) and issue up to 5 million shares. If the average price of the shares during the one year period following regulatory approval is between $0.25 and $0.50, the 12 month share issuance was reduced to 3 million shares and if the shares were trading above $0.50, the 12 month share issuance was reduced to 2 million shares. The trading price of Spruce Ridge shares on September 30, 2013 was $0.035/share.

On October 23, 2013 the Company and Spruce Ridge agreed to amend the option agreement by deferring the final payment as follows:

1. A total of 5,000,000 shares will be issued based on the October 17, 2013 trading price of Spruce Ridge of $0.02 per share, due and payable no later than December 14, 2013;
2. Spruce Ridge has elected to pay 50% of the final cash payment in shares, which will be issued no later than December 14, 2013;
3. The remaining $50,000 cash payment is due and payable no later than December 14, 2013;
4. Spruce Ridge must pay the shares and cash simultaneously; and
5. No further extension will be issued.

Pursuant to this sale, the Company now holds 5,000,000 shares or 11.77% of Spruce Ridge's issued and outstanding common shares on a non-diluted basis. Upon receipt of the final payment, the Company will hold at least 10,000,000 common shares of Spruce Ridge or 22.70% of Spruce Ridge's issued and outstanding shares at December 14, 2013 on a non-diluted basis.

The Viking mineral property has been recorded at its estimated fair value less costs to sell at $247,300 at September 30, 2013.

Assets held for sale:

Viking mineral property

	September 30, 2013	September 30, 2012
Balance, beginning of period	$ -	$ -
Reclassified from Exploration and evaluation assets (Note 8)	247,300	-
Balance, end of period	$ 247,300	$ -

(Expressed in Canadian Dollars)

8. Exploration and evaluation assets

Viking, Newfoundland and Labrador, Canada

		Sept 30, 2013		Sept 30, 2012
Exploration expenditures:				
Balance, beginning of year	$	1,188,434	$	3,655,302
Geological consulting		-		12,415
Field		-		708
Geochemical		-		960
Surveying		-		1,450
Resource estimate		-		12,565
Asset impairment		(177,700)		(2,394,966)
Government grant		-		(100,000)
Proceeds received from Spruce Ridge		(975,000)		-
Balance, end of year		**35,734**		1,188,434
Property acquisition costs:				
Balance, beginning of year		211,566		209,766
Acquisition costs incurred		-		1,800
Balance, end of year		**247,300**		211,566
Reclassified assets held for sale (Note 7)		**247,300**		-
Total exploration and evaluation assets, end of year	$	**-**		1,400,000

9. Property, plant and equipment

		Total		Field bridges and structures		Computer equipment and software
Cost						
Balance at September 30, 2013 and 2012	$	**14,499**	$	**5,976**	$	**8,523**
Accumulated depreciation						
Balance, September 30, 2011		5,452		640		4,812
Depreciation		2,556		855		1,701
Balance, September 30, 2012		8,008		1,495		6,513
Depreciation		1,750		854		896
Balance September 30, 2013	$	**9,758**	$	**2,349**	$	**7,409**
Net Book Value						
September 30, 2012	$	6,491	$	4,481	$	2,010
September 30, 2013	$	**4,741**	$	**3,627**	$	**1,114**

10. Accounts payable and accrued liabilities

		Sept 30, 2013		Sept 30, 2012
Trade payables	$	314	$	1,922
Due to related parties		6,695		13,741
Sales taxes payable		-		24
Accrued liabilities		25,000		37,085
	$	32,009	$	52,772

(Expressed in Canadian Dollars)

11. Decommissioning obligation

Changes in the decommissioning obligation for the year ended September 30

		2013		2012
Balance, beginning of period	$	**47,300**	$	47,300
Accretion		**-**		-
Balance, end of period	$	**47,300**	$	47,300

The above noted provision represents estimated costs to restore the Viking property, including the cost of filling trenches and revegetation as applicable. Management believes that there are no other significant legal obligations as at the respective year end dates for current and future decommissioning obligations and restoration costs. The year end present value of the decommissioning obligation was determined using a risk-free rate of 1.23% and 1% and an inflation rate of 2% and 3% respectively for the years ended September 30, 2013 and September 30, 2012. The timing of the future cash flows is expected to be completed within the next 12 months pursuant to the closing of the option agreement with Spruce Ridge (Note 7 "Assets held for sale") at which time Spruce Ridge would assume the obligation. No accretion expense has been recorded in either the current or comparative periods because the amount is considered to be immaterial.

12. Share capital, stock options and warrants

a) Authorized

Unlimited number of common shares without par value

b) Issued and outstanding common share capital

	Sept 30, 2013	Sept 30, 2012
	Number of shares	
Balance, end of period	**83,959,126**	**83,959,126**

During the years ended September 30, 2013 and September 30, 2012 there were no shares issued or cancelled and returned to treasury.

c) Stock options outstanding

	Number of options		Exercise
Expiry	Sept 30, 2013	Sept 30, 2012	Price
October 17, 2012	-	775,000	$0.22
April 20, 2014	75,000	75,000	$0.12
February 11, 2015	625,000	625,000	$0.155
January 9, 2017	500,000	500,000	$0.10
	1,200,000	1,975,000	

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 on which the optionee ceases to be a director, officer, employee or consultant. The exercise price of the options granted under the Plan will not be less than that from time to time permitted under the rules of the stock exchange or exchanges on which the shares are then listed, which price reflects trading values at that time. All of the options outstanding at the respective period ends have vested.

(Expressed in Canadian Dollars)

12. Share capital, stock options and warrants (continued)

d) Stock option transactions

	Number of options	Weighted Average exercise price
Balance September 30, 2011	2,100,000	$0.17
Expired	(500,000)	$0.10
Forfeited	(125,000)	$0.10
Granted	500,000	$0.10
Balance September 30, 2012	1,975,000	$0.17
Expired	(775,000)	$0.22
Balance September 30, 2013	1,200,000	$0.13

Subsequent to September 30, 2013 and up to the approval date of these financial statements, there were no stock options granted.

e) Warrant transactions and warrants outstanding

The warrants summarized below may be exercised to acquire an equal number of common shares.

Price	Expiry	Balance Sept 30, 2012	Warrants Issued	Warrants Expired	Warrants Exercised	Balance Sept 30, 2013
$0.20	Apr 15, 2013	5,615,615	-	5,615,615	-	-
$0.12	Apr 15, 2013	426,224	-	426,224	-	-
	TOTAL	**6,041,839**	-	6,041,839	-	**-**

Price	Expiry	Balance Sept 30, 2011	Warrants Issued	Warrants Expired	Warrants Exercised	Balance Sept 30, 2012
$0.22	Feb 5, 2012	5,823,957	-	(5,823,957)	-	-
$0.22	Sept 14 2012	2,565,000	-	(2,565,000)	-	-
$0.20	April 15, 2013	5,615,615	-	-	-	5,615,615
$0.12	April 15, 2013	426,224	-	-	-	426,224
	TOTAL	**14,430,796**	-	(8,388,957)	-	**6,041,839**

Subsequent to September 30, 2013 and up to the approval date of these financial statements, there were no warrants issued.

(Expressed in Canadian Dollars)

13. Financial instruments

Financial instruments recorded at fair value are classified using a fair value hierarchy that prioritizes the inputs to fair value measurements. The three levels of fair value are summarized below:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices that are observable for assets or liabilities either directly, (i.e. prices), or indirectly, (i.e. derived from prices); and
- Level 3 - Inputs that are not based on observable market data.

Level 1 has been utilized to value common shares included in short-term investments. The warrants included in short-term investments are categorized as Level 2.

The following summarizes the categories of the various financial instruments:

		September 30, 2013		September 30, 2012
		Carrying Value		
Financial Assets				
Financial assets measured at fair value:				
Short-term investments	**$**	**196,800**	$	45,250
Financial assets measured at amortized cost:				
Cash and cash equivalents		**293,725**		345,914
Accounts receivable		**535**		2,329
	$	**294,260**	$	348,243
Financial Liabilities				
Financial liabilities measured at amortized cost:				
Accounts payable and accrued liabilities	**$**	**32,009**	$	52,749

The above noted financial instruments are exclusive of any sales tax and Government incentives.

The carrying value of financial assets and liabilities measured at amortized cost approximates fair value due to the short-term nature of the instruments.

14. General and administrative

		September 30 2013		September 30 2012
Administrative consulting fees	**$**	**20,263**	$	37,491
Stock-based compensation		**-**		5,000
Occupancy costs		**13,481**		17,941
Office, secretarial and supplies		**32,272**		35,208
Travel and promotion		**-**		3,096
Insurance		**13,500**		13,500
Directors' fees		**3,200**		3,000
Computer network and website maintenance		**1,373**		2,905
Office move costs		**-**		4,075
	$	**84,089**	$	122,216

15. Earnings per share

Basic earnings (loss) per share is calculated using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted earnings (loss) per share if their inclusion would be anti-dilutive.

(Expressed in Canadian Dollars)

15. Earnings per share (continued)

The following adjustments were made in arriving at diluted weighted average number of common shares for the years ended September 30:

Weighted average number of common shares:		**2013**		**2012**
Basic		83,959,126		83,959,126
Effect of dilutive securities:				
Stock options		-		-
Warrants		-		-
Diluted		**83,959,126**		83,959,126
Earnings (loss) per share				
Basic	$	(0.01)	$	(0.03)
Diluted	$	(0.01)		(0.03)

16. Income tax information

Rate Reconciliation:
The combined provision for taxes in the consolidated statement of profit (loss) and other comprehensive income (loss) reflects an effective tax rate which differs from the expected statutory rate as follows:

		2013		**2012**
Income (Loss) Before Income taxes	$	(1,037,611)	$	(2,492,934)
Computed expected expense (recovery) based on a combined rate of 25.00% (2012 - 25.38%)		(259,403)		(633,000)
Change resulting from:				
Non-deductible (taxable) items and other		95,531		(45,000)
Unrecognized deferred tax asset		132,418		668,000
Tax rate adjustment		-		10,000
Other		31,454		-
Income tax expense (recovery)	$	-	$	-

The statutory rate was 25% (2012 - 25.38%). The decrease in the statutory rate was due to a reduction in the Canadian federal tax rate from 16.5% to 15% in 2012.

Temporary differences and tax loss not recognized for accounting purposes:

		2013		**2012**
Non-capital loss carry-forwards	$	2,127,000	$	1,934,000
Capital loss carry-forwards		396,000		430,000
Share issuance costs		55,000		
US net operating loss		146,000		
Property, Plant and Equipment		18,000		17,000
Mineral Properties		5,320,000		5,412,000
Short-term investments		391,000		52,000
Total	$	8,453,000	$	7,845,000

(Expressed in Canadian Dollars)

16. Income tax information (continued)

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2013, the Company had unused non-capital loss carry forwards of approximately $2.1 million that expire between the years 2014 and 2033. The Company has unused net operating loss carry forwards of approximately $146,000 USD that expire between the years 2025 and 2033.

17. Related party balances and transactions and key management remuneration

The Company is considered a related party to Manson Creek Resources Ltd. ("Manson"), and Guatavita Gold Corporation ("Guatavita"), because of its common directors, officers and key management personnel that have some direct financial interest in both the Company, Manson and Guatavita. In addition, related parties include members of the Board of Directors, officers and their close family members. The Company incurred the following amounts charged by(to) related parties:

			Sept, 30 2013		Sept 30, 2012
Key management remuneration					
President and director	a	$	3,045	$	14,625
CFO	b		-		28,917
Corporate Secretary	e		19,676		20,549
Share based compensation to key management personnel			-		5,000
Directors' fees	c		3,200		3,000
Total Management remuneration		$	25,921	$	72,091

			Sept 30, 2013		Sept 30, 2012
Other related party transactions					
Manson Creek Resources					
Office rent and operating costs paid	d	$	-	$	6,653
General and administrative and secretarial costs paid	d	$	467	$	2,930
General and administrative and secretarial costs received	d	$	(380)	$	(1,713)
Guatavita Gold Corp.					
Office rent and operating costs paid	e	$	13,031	$	9,304
General and administrative and secretarial costs paid	e	$	30,449	$	38,272
General and administrative and secretarial costs received	e	$	(97)	$	(102)

The following amounts were due to or receivable from related parties at the respective year ends:

Balances Receivable (Owing)			Sept 30, 2013		Sept 30, 2012
Consulting fees:					
President and director	a	$	-	$	(1,500)
CFO	b	$	-	$	-
General and administrative and secretarial costs:					
Guatavita Gold Corp.	e	$	(6,695)	$	(10,076)
Manson Creek Resources Ltd.	d	$	-	$	(1,670)
Manson Creek Resources Ltd.	d	$	399	$	511
Guatavita Gold Corp.	e	$	-	$	26

(Expressed in Canadian Dollars)

17. Related party balances and transactions and key management remuneration (continued)

Management compensation payable to "key management personnel" during the year ended September 30 is reflected in the table above and consists of consulting fees paid to the President, the CFO, salary for the Corporate Secretary and directors' fees. Officers and directors are also compensated through the granting of options from time-to-time. There were no options granted to officers and directors during the year ended September 30, 2013. During the year ended September 30, 2012, the Company granted 500,000 stock options to the President and recorded a non-cash charge for stock-based payments of $5,000 that is included in general and administrative expenses. Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

a) The President and director of the Company billed for consulting services that were either expensed or, when his services related directly to mineral property exploration, capitalized to exploration and evaluation assets. During the year ended September 30, 2013 $1,045, (2012 - $4,875), was expensed through reporting to shareholder expenses or general and administrative expenses, $Nil, (2012 - $9,750), was capitalized to exploration and evaluation assets and $2,000 (2012 - $Nil) was expensed through pre-acquisition and evaluation asset expenditures.

b) During the year ended September 30, 2012 the CFO of the Company billed for consulting services and these charges are included in general and administrative expenses.

c) The Company pays directors who are not officers of the Company $500 for meeting attendance in person and $300 for meeting attendance by telephone. There are two directors who are not officers and the amounts above reflect directors fees paid/payable for meetings attended during the above-noted period.

d) Manson subleased office space to the Company until December 31, 2011 and incurred certain administrative expenses on the Company's behalf that were subsequently billed to the Company on a quarterly basis. Further, the Company incurred certain administrative costs on behalf of Manson that were billed on a quarterly basis. Manson and the Company share three common officers and two common directors.

e) Guatavita employs two individuals who also perform work for the Company and incurs certain administrative expenses on behalf of the Company and bills on a quarterly basis for these expenses. Included in these billings are the services provided by the Corporate Secretary. Effective January 1, 2012, the Company commenced to lease office space from Guatavita. The Company incurred certain administrative expense on Guatavita's behalf that were subsequently billed to Guatavita on a quarterly basis. Guatavita and the Company share three common officers and one common director.

Related party receivables pertain to billings plus applicable sales taxes for which payment has not been received and related party payables reflect billings plus applicable sales taxes that were not yet paid by the Company at the respective period ends. Related party transactions were measured at the amounts agreed to by the transacting parties.

18. Commitments

Pursuant to a lease agreement for office space, the Company is committed to pay its share of base lease costs plus additional rent, which include it's proportionate share of costs incurred in the operation, maintenance, management and supervision of the property as defined by the landlord's current lease for the premises. As at September 30, 2013 the committed base lease costs to the termination of the lease are as follows:

2014	$	6,720
2015	$	1,680
Total to lease termination	$	8,400

Additional rent is expected to aggregate approximately $7,600 per annum.

(Expressed in Canadian Dollars)

19. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss.

	Years ended September 30	
	2013	2012
(Loss) profit and comprehensive (loss) income before other items	$ (1,037,611)	$ (2,492,934)
Depreciation	1,750	2,555
Stock-based compensation	-	5,000
Impairment charges	177,700	2,394,966
Other Income	-	(123,000)
Gain on sales of exploration and evaluation of asset	-	-
Loss on short-term investments	730,451	21,750
Other Income	(9,402)	(3,075)
Other non-cash adjustments	-	(834)
Changes in assets and liabilities pertaining to operations:		
Accounts receivable	3,346	(189)
Prepaid expenses	(61)	373
Accounts payable and accrued liabilities	(20,763)	11,825
Cash paid to suppliers and contractors	$ (154,590)	$ (183,563)

20. Segment disclosures

During the years ended September 30, 2013 and 2012, the Company was only engaged in mineral exploration and all exploration activities were undertaken in Canada. Consequently, segmented information is not presented in these financial statements.

21. Capital

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

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

The externally imposed capital requirement that the Company is exposed to relates to flow-through shares. Pursuant to flow-through agreements entered into with flow-through share subscribers, the Company has committed to use the full proceeds of these issuances to incur qualifying mineral exploration expenditures within a prescribed time frame. Should the Company not incur these expenditures, they are required to pay the flow-through subscribers an amount equal to the tax payable by the subscriber as a result of the Company's failure to incur the expenditures. As at September 30, 2013 there were no qualifying expenditures required by flow-through agreements, consequently there was no restricted cash at September 30, 2013. As at September 30, 2012, the Company had incurred the full amount of qualifying expenditures required by flow-through agreements and consequently had no restricted cash at September 30, 2012.

22. Financial risk management

a) Credit risk

Credit risk is the risk of financial loss to the Company if counterparties to a financial instrument fail to meet their contractual obligations. The Company's financial instruments that could be subject to credit risk consist of receivables, (excluding sales tax and government grant receivables) and cash held in Bankers' Acceptances and Term Deposits. The Company has had a history of prompt receipt of its receivables and considers credit risk to be low on these instruments as at September 30, 2013 and 2012.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is the utilization of budgets, to attempt to maintain sufficient liquidity in order to meet operational and exploration requirements as well as property acquisition commitments. The Company raises capital through equity issues and its ability to do so is dependent on a number of factors including market acceptance, stock price and exploration results. The Company is continually investigating financing options. The Company feels that it has sufficient working capital to finance general and administrative and other operating expenses for 12 months assuming similar activity levels to the prior year. However, increases in activity levels, new property acquisitions and any level of exploration on its mineral properties will require additional financing. Refer to Note 1 "Nature of operations and going concern". All trade payables are due on demand.

c) Market risk

Market risk consists of currency risk, price risk and interest rate risk. The objective of market risk management is to manage and control market risk exposures within acceptable limits. There were no foreign currency denominated transactions during the periods disclosed and the Company did not hold cash balances in foreign currencies. As a result the Company is not exposed to foreign currency exchange risks at this time. As the Company has not yet developed producing mineral interests, it is not exposed to commodity price risk at this time. As the Company has no debt facilities and has minimal amounts of interest income, it is not exposed to significant interest rate risk at this time. The Company's equity investments are subject to market price risk. These investments were received as proceeds for the sale of mineral property interests. The Company does not invest excess cash in equity investments as a general rule. The investments in common shares and warrants are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price or value of these investments can vary from period to period. During the year ended September 30, 2013, the market price fluctuation on the investments held resulted in a net loss of $730,451 (70%) on short-term investments. In 2013 a 10% change in fair value of Company's marketable investments would result in a charge to income of $19,680 (2012 - $4,520). The Company does not intend to hold these investments for more than one year.

23. Subsequent events

Subsequent to the year ended September 30, 2013, the Company and Spruce Ridge agreed to amend the option agreement dated October 29, 2012 for the sale of the Viking Property with respect to the final payment. The final payment of $50,000 and issuance of Spruce Ridge shares was deferred from October 17, 2013 to December 14, 2013. For additional information related to this amendment refer to Note 7 "Assets held for sale". The Company has received payment and the assets were sold.

Corporate Information

Head Office:

Suite 800, 808-4th Avenue S.W.
Calgary, Alberta, T2P 3E8
Ph: 403-233-2636
Fax: 403-266-2606

Directors:

Lesley Hayes *
Shane Ebert *
Jean Pierre Jutras
Douglas Cageorge *
*Audit Committee Members

Officers:

Shane Ebert, *President*
Jean Pierre Jutras, *Vice-President*
Douglas Porter, *Chief Financial Officer*
Barbara O'Neill, *Secretary*

Transfer Agent & Registrar:

Computershare Trust Company of Canada
#600, 530-8th Avenue S.W.
Calgary, Alberta, T2P 3S8

Website:

www.naminco.ca

Email:

inquiries@naminco.ca

Legal Counsel:

TingleMerrett LLP
1250 Standard Life Building
639-5th Avenue S.W.
Calgary, Alberta, T2P 0M9

Bank:

HSBC Bank of Canada
407-8th Avenue S.W.
Calgary, Alberta, T2P 1E5

Auditors:

BDO Canada LLP
620, 903-8th Avenue S.W.
Calgary, Alberta, T2P 0P7

Listed:

TSX Venture Exchange

Symbol:

NAI