

*Northern Abitibi  
Mining Corp.*

*2016  
Annual Report*

***NORTHERN ABITIBI MINING CORP.***  
***President's Message***

Dear Shareholders;

The start of 2017 has seen growing investment and optimism in the resources sector after several years of challenging global market conditions. Northern Abitibi has focused on conserving financial resources during the market downturn, and is now in a strong financial position with over \$500,000 in the treasury, no debt, and minimal operating costs. The Company is well positioned to evaluate new business opportunities and pursue avenues to add shareholder value.

Northern Abitibi holds 100% of the Cariboo Gold Property located in the prolific Cariboo-Barkerville gold belt in British Columbia. The property contains significant historic gold intercepts in drilling, and has numerous untested exploration targets.

The Company also owns 11 million shares of Spruce Ridge Resources Ltd. providing upside to copper and gold from their Great Burn Copper-Gold project in Newfoundland and their gold projects in Montana and Ontario.

During the next year Management will focus on identifying and moving forward with new business opportunities for the benefit of all 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, 2016

---

---

## Contents

	<b>Page</b>
Auditor's Report	2
Consolidated Statements of Financial Position	3
Consolidated Statements of Loss and Comprehensive Loss	4
Consolidated Statements of Cash Flows	5
Consolidated Statement of Equity	6
Notes to the Consolidated Financial Statements	7-23



Tel: 403 266 5608  
Fax: 403 233 7833  
Toll-Free: 888 444 4840  
www.bdo.ca

BDO Canada LLP  
903 - 8th Avenue SW, Suite 620  
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 Northern Abitibi Mining Corp., which comprise the consolidated statement of financial position as at September 30, 2016 and September 30, 2015 and the consolidated statements of income and comprehensive income, changes in equity, and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the 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 audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits 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 financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-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 in our audits 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, 2016 and September 30, 2015 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

*BDO Canada LLP*

Chartered Professional Accountants  
Calgary, Alberta  
December 19, 2016

# Northern Abitibi Mining Corp.

## Consolidated Statements of Financial Position

(Expressed in Canadian Dollars)

As at September 30

	2016	2015
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash (Note 4)	\$ 188,331	\$ 46,550
Accounts receivable (Note 5)	1,908	1,477
Mining exploration tax credit receivable (Note 15)	-	15,040
Prepaid expenses	8,791	10,076
Short-term investments (Note 6)	453,500	284,750
	<u>652,530</u>	<u>357,893</u>
<b>Non-current Assets</b>		
Exploration and evaluation assets (Note 7)	2,631	1,025
Property and equipment (Note 8)	403	732
	<u>3,034</u>	<u>1,757</u>
<b>TOTAL ASSETS</b>	<b>\$ 655,564</b>	<b>\$ 359,650</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities (Note 9)	\$ 27,412	\$ 25,006
<b>TOTAL LIABILITIES</b>	<b>27,412</b>	<b>25,006</b>
<b>EQUITY</b>		
Share capital (Note 11)	13,767,552	13,597,338
Reserves	1,919,197	1,886,077
Deficit	(15,058,597)	(15,148,771)
<b>TOTAL EQUITY</b>	<b>628,152</b>	<b>334,644</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>\$ 655,564</b>	<b>\$ 359,650</b>

**Nature of operations** (Note 1)

**Commitments** (Note 17)

**Approved by the Board**

"Shane Ebert"

\_\_\_\_\_  
Director

"Leslie Hayes"

\_\_\_\_\_  
Director

See accompanying notes to consolidated financial statements.

**Northern Abitibi Mining Corp.**  
**Consolidated Statements of Income (Loss) and Comprehensive Income**  
**(Loss)**

(Expressed in Canadian Dollars)  
For the years ended September 30

	<u>2016</u>	<u>2015</u>
<b>Expenses</b>		
General and administrative (Note 13)	\$ (57,936)	\$ (64,769)
Reporting to shareholders	(4,017)	(4,174)
Professional fees	(17,126)	(17,245)
Stock exchange and transfer agent fees	(8,126)	(8,281)
Depreciation	(329)	(627)
Recovery (impairment charges) (Note 7)	2,967	(49,629)
<b>Loss before other items</b>	<u>(84,567)</u>	<u>(144,725)</u>
<b>Other items</b>		
Interest and other	141	139
Gain from short-term investments	174,600	105,000
	<u>174,741</u>	<u>105,139</u>
<b>Net income (loss) and comprehensive income (loss) for the year</b>	<u>\$ 90,174</u>	<u>\$ (39,586)</u>
<b>Basic and diluted loss per share</b> (Note 14)	<u>\$ 0.00</u>	<u>\$ 0.00</u>
<b>Weighted average shares outstanding - basic and diluted</b> (Note 14)	<u>96,407,756</u>	<u>84,309,126</u>

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

	<u>2016</u>	<u>2015</u>
<b>Decrease in cash and cash equivalents</b>		
<b>Operating activities</b>		
Cash paid to suppliers and contractors	\$ (81,945)	\$ (106,881)
<b>Cash used in operating activities (Note 18)</b>	<u>(81,945)</u>	<u>(106,881)</u>
<b>Investing activities</b>		
Interest and other income received	141	139
Cash recovered on sale of short-term investments	5,850	-
Cash received on mineral property recoveries	2,542	-
Cash expended on exploration and evaluation assets	(1,606)	(45,383)
Cash received for mining exploration tax credit	13,465	1,083
Cash received (expended) on exploration advances and deposits	-	14,500
Cash expended on decommissioning obligations	-	(7,370)
<b>Cash provided by investing activities</b>	<u>20,392</u>	<u>(37,031)</u>
<b>Financing activities</b>		
Share capital and warrant issue proceeds	230,000	-
Cash share issuance costs	(26,666)	-
<b>Cash provided by financing activities</b>	<u>203,334</u>	<u>-</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>141,781</b>	<b>(143,912)</b>
<b>Cash (Note 4):</b>		
<b>Beginning of period</b>	<b>46,550</b>	<b>190,462</b>
<b>End of period</b>	<b>\$ 188,331</b>	<b>\$ 46,550</b>

### Supplementary information:

#### Interest and taxes

No cash was expended on interest or taxes during the years ended September 30, 2016 and September 30, 2015.

#### Non-cash transactions

##### 2016

During the year ended September 30, 2016, the Company completed a brokered private placement for aggregate gross proceeds of \$230,000. Share issuance costs related to the private placement included the issuance of 10% of the amount raised in broker warrants. The warrants were valued at \$33,120 using the Black-Sholes Option pricing model assuming a volatility of 205%, a risk free rate of 0.71%, a five year warrant life, and a 0% dividend rate.

##### 2015

During the year ended September 30, 2015, there were no non-cash transactions.

See accompanying notes to the consolidated financial statements.



# Northern Abitibi Mining Corp.

## Consolidated Statement of Changes in Equity

(Expressed in Canadian Dollars)  
As at September 30

	Reserves						Total \$
	Common share capital \$	Equity settled share based payments \$	Warrants \$	Other Reserves* \$	Total Reserves \$	Deficit \$	
Balance, September 30, 2014	13,597,338	50,536	-	1,835,541	1,886,077	(15,109,185)	374,230
Net and comprehensive loss for the year	-	-	-	-	-	(39,586)	(39,586)
Options expired	-	(45,536)	-	45,536	-	-	-
<b>Balance, September 30, 2015</b>	<b>13,597,338</b>	<b>5,000</b>		<b>1,881,077</b>	<b>1,886,077</b>	<b>(15,148,771)</b>	<b>334,644</b>
Net and comprehensive income for the year	-	-	-	-	-	90,174	90,174
Private placement share and warrant issue	230,000	-	-	-	-	-	230,000
Share issue costs	(59,786)	-	33,120	-	33,120	-	(26,666)
<b>Balance, September 30, 2016</b>	<b>13,767,552</b>	<b>5,000</b>	<b>33,120</b>	<b>1,881,077</b>	<b>1,919,197</b>	<b>(15,058,597)</b>	<b>628,152</b>

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

See accompanying notes to the consolidated financial statements

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 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 Alberta Business Corporations Act, 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, 2016 and 2015, using the significant accounting policies outlined in Note 3. The consolidated statements were authorized for issue by the board of directors on December 19, 2016.

These consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments described in Note 12 and decommissioning obligation described in Note 10. 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 fully consolidated from the date control is obtained and are de-consolidated from the date control ceases.

### 3. Significant accounting policies

#### a) New accounting policies

Northern Abitibi did not adopt any new accounting policies during the year ended September 30, 2016.

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 3. Significant accounting policies (continued)

#### b) New accounting standards and interpretations

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:

#### 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, 2018. There have been new amendments related to IFRS 9 issued in November 2013. Although the transition date has been deferred, these amendments would be required to be prospectively applied in the financial statements for the 2014 year, as the Company has early adopted this section. However, these amendments relate to hedging and own credit risk, to which the Company is not exposed, therefore these amendments do not have a significant impact on its financial reporting.

#### c) Financial Instruments

The Company's financial instruments consist of the following:

##### Financial Assets

Cash  
Accounts receivable  
Short-term investments

##### Classification

Financial asset measured at amortized cost  
Financial asset measured at amortized cost  
Financial asset measured at fair value

##### Financial Liabilities

Accounts payable and accrued liabilities

##### Classification

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 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

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 3. Significant accounting policies (continued)

#### c) Financial Instruments (continued)

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

Cash includes cash held in current accounts, highly liquid Canadian dollar denominated investments in bankers' acceptances or term deposits, with terms to maturity of 90 days or less when acquired and cash held in short-term investment accounts. 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.

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 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 obligations

Decommissioning obligation includes 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

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 3. Significant accounting policies (continued)

#### e) Decommissioning obligation (continued)

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 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 expenditure 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.

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 3. Significant accounting policies (continued)

#### g) Property and equipment

On initial recognition, property 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 and equipment that are calculated to write off the cost of the assets, less estimated residual values, over their useful lives. The method and rates used by category are as follows:

	<u>Depreciation method</u>	<u>Depreciation rate</u>
Computer equipment and software	Declining balance	50%

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 estimates.

Property 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 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) 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.

#### i) 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.

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 3. Significant accounting policies (continued)

#### j) 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 3)
- c) the estimate of the amount of asset retirement obligation and the inputs used in determining the net present value of the liabilities for asset retirement obligations included in the balance sheet.

#### k) 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. If options expire without being exercised, the value associated therewith is transferred from equity-settled share based payment reserve to other reserves.

#### l) Loss per share

Basic 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 increases loss per share. Refer to Note 11 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.

#### m) Income taxes

Income tax on net earnings or loss for the periods 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

---

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 3. Significant accounting policies (continued)

#### m) Income taxes (continued)

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.

#### n) 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

Cash is comprised of:

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
Current bank accounts	\$ 182,481	\$ 46,550
Cash investments	5,850	-
Current bank accounts	<u>\$ 188,331</u>	<u>\$ 46,550</u>

### 5. Accounts receivable

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
Trade receivables	\$ -	\$ 28
Due from related parties	1,161	696
Sales tax receivables	747	753
	<u>\$ 1,908</u>	<u>\$ 1,477</u>



# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 6. Short-term investments

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
<b>Société d'Exploration Minière Vior Inc.</b>		
<b>Common shares</b> (Sept 30, 2016 - 75,000, Sept 30, 2015 - 150,000)	\$ 9,000	\$ 8,250
<b>Spruce Ridge Resources Ltd.</b>		
<b>Common shares</b> (Sept 30, 2016 - 11,000,000, Sept 30, 2015 - 11,000,000)	440,000	275,000
<b>Commander Resources Ltd.</b>		
<b>Common shares</b> (Sept 30, 2016 - 100,000, Sept 30, 2015 - 100,000)	4,500	1,500
	<u>\$ 453,500</u>	<u>\$ 284,750</u>

On February 17, 2015, Société d'Exploration Minière Vior Inc. completed a one for five share consolidation. The transaction included the outstanding warrants to be adjusted by the same consolidation ratio:

	<u>Pre-consolidation February 16, 2015</u>	<u>Post-consolidation February 17, 2015</u>
Common shares held	750,000	150,000
Warrants	200,000	40,000

Each warrant may be exercised to purchase one common share of Société d'Exploration Minière Vior Inc., at a price of \$0.60 per share post-consolidation (\$0.12 per share pre-consolidation) to August 24, 2015. On August 24, 2015, the warrants expired without exercise.

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 period-end trading prices, at September 30, 2016 and September 30, 2015.

### 7. Exploration and evaluation assets

<u>Year ended September 30, 2016</u>	<u>British Columbia Cariboo Gold Property</u>
	<u>\$</u>
<b>Exploration expenditures:</b>	
Balance, September 30, 2016 and 2015	<u>525</u>
<b>Property acquisition costs</b>	
Balance, September 30, 2015	500
Acquisition costs incurred	<u>1,606</u>
<b>Balance, September 30, 2016</b>	<u>2,106</u>
<b>Total exploration and evaluation assets, September 30, 2016</b>	<u>2,631</u>

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 7. Exploration and evaluation assets (continued)

Year ended September 30, 2015	British Columbia		
	Total	Ches Property	Cariboo Gold Property
	\$	\$	\$
<b>Exploration expenditures:</b>			
Balance, September 30, 2014	3,600	3,600	-
Geological consulting	6,750	6,000	750
Field	(985)	(985)	-
Travel	882	882	-
Geochemical	10,471	10,471	-
Excavating	9,495	9,495	-
Mobilization and demobilization	16,300	16,300	-
Equipment rental	1,970	1,970	-
Decommissioning obligation	7,370	7,370	-
BC mining exploration tax credit	(16,123)	(15,898)	(225)
Impairments	(39,205)	(39,205)	-
<b>Balance, September 30, 2015</b>	<b>525</b>	<b>-</b>	<b>525</b>
<b>Property acquisition costs</b>			
Balance, September 30, 2014	10,424	10,424	-
Acquisition costs incurred	500	-	500
Impairments	(10,424)	(10,424)	-
<b>Balance, September 30, 2015</b>	<b>500</b>	<b>-</b>	<b>500</b>
<b>Total exploration and evaluation assets, September 30, 2015</b>	<b>1,025</b>	<b>-</b>	<b>1,025</b>

### 8. Property and equipment

	Computer equipment and software
<b>Cost</b>	
<b>Balance at September 30, 2016 and 2015</b>	<b>\$ 9,685</b>
<b>Accumulated depreciation</b>	
Balance, September 30, 2015	8,953
Depreciation	329
<b>Balance September 30, 2016</b>	<b>\$ 9,282</b>
<b>Net book value</b>	
September 30, 2015	\$ 732
<b>September 30, 2016</b>	<b>\$ 403</b>

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 9. Accounts payable and accrued liabilities

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
Trade payables	\$ 545	\$ 829
Due to related parties	11,848	7,177
Sales taxes payable	19	-
Accrued liabilities	15,000	17,000
	<u>\$ 27,412</u>	<u>\$ 25,006</u>

### 10. Decommissioning obligation

Changes in the decommissioning obligation:

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
Balance, beginning of year	\$ -	\$ -
Ches property additions	-	7,370
Ches property expenditures	-	(7,370)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>

The above noted provision represents estimated costs to restore the Company's mineral properties 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.

### 11. Share capital, stock options and warrants

#### a) Authorized

Unlimited number of common shares without par value.

#### b) Issued and outstanding common share capital

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
	<u>Number of shares</u>	
<b>Balance, end of period</b>	<u>107,309,126</u>	<u>84,309,126</u>

On March 23, 2016, the Company completed a brokered private placement for aggregate gross proceeds of \$230,000. The placement was comprised of 23,000,000 common shares at \$0.01 per share. Share issuance costs included a cash commission of 9% of the amount raised as well as 10% of the amount raised in broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$0.05 per share until March 23, 2021. In valuing the warrants, the Company used a proration of proceeds method to the components including the use of the Black-Sholes Option Pricing model assuming a volatility of 205%, a risk free rate of 0.71%, a five year warrant life, and a 0% dividend rate.

Subsequent to September 30, 2016 and up to the approval date of these financial statements there were no shares issued or cancelled and returned to treasury.

During the year ended September 30, 2015 there were no shares issued or cancelled and returned to treasury.

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 11. Share capital, stock options and warrants (continued)

#### c) Stock options outstanding

<u>Expiry</u>	<u>Number of options</u>		<u>exercise price</u>
	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>	
January 9, 2017	500,000	500,000	\$0.10

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.

#### d) Stock option transactions

	<u>Number of options</u>	<u>Weighted average exercise price</u>
Balance, September 30, 2014	1,125,000	\$0.13
Expired	(625,000)	\$0.13
Balance, September 30, 2015	500,000	\$0.10
Expired	-	\$0.10
Balance, September 30, 2016	500,000	\$0.10

Subsequent to September 30, 2016 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.

##### Year ended September 30, 2016:

<u>Exercise Price</u>	<u>Expiry</u>	<u>Balance Sept 30, 2015</u>	<u>Warrants Issued</u>	<u>Warrants Expired</u>	<u>Balance Sept 30, 2016</u>
\$0.05	March 23, 2021	-	2,300,000	-	2,300,000

There were no warrant transactions during the year ended September 30, 2015.

Subsequent to September 30, 2016 and the approval date of these financial statements, no warrants were issued or expired.

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 12. 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:

	Sept 30, 2016	Sept 30, 2015
	Carrying Value	
<b>Financial Assets</b>		
<b>Financial assets measured at fair value:</b>		
Short-term investments	\$ 453,500	\$ 284,750
<b>Financial assets measured at amortized cost:</b>		
Cash	188,331	46,550
Accounts receivable	1,161	724
	\$ 189,492	\$ 47,274
<b>Financial Liabilities</b>		
<b>Financial liabilities measured at amortized cost:</b>		
Accounts payable and accrued liabilities	\$ 27,412	\$ 25,006

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

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

### 13. General and administrative

	Sept 30, 2016	Sept 30, 2015
Administrative consulting fees	\$ 13,555	\$ 10,640
Occupancy costs	18,383	9,667
Office, secretarial, supplies and others	13,347	29,723
Insurance	10,629	11,478
Directors' fees	900	1,000
Computer network and website maintenance	1,043	2,061
Travel and promotion	79	200
	\$ 57,936	\$ 64,769

### 14. Loss per share

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

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 14. Loss 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:	2016	2015
<b>Basic</b>	<b>96,407,756</b>	84,309,126
Effect of dilutive securities:		
Stock options	-	-
Warrants	-	-
<b>Diluted</b>	<b>96,407,756</b>	84,309,126

### Loss per share

Basic	\$	0.00	\$	0.00
Diluted	\$	0.00	\$	0.00

### 15. Income tax information

#### Rate reconciliation:

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

	2016	2015
Income (loss) before income taxes	\$ <b>90,174</b>	\$ (39,586)
Computed expected expense (recovery) based on a combined rate of 27.00% (2015 - 25.50%)	<b>24,347</b>	(10,094)
Change resulting from:		
Non-deductible (taxable) items and other	<b>(23,020)</b>	(13,251)
Non-capital loss expired	-	26,800
Unrecognized deferred tax asset	<b>2,045</b>	262,688
Change in tax rate	<b>(3,372)</b>	(266,143)
Income tax expense	\$ -	\$ -

Changes to federal and provincial tax rates were announced in 2015 which resulted in an adjustment to the opening carrying value of temporary differences. The combined statutory rate increased to 27.00% for 2016 (2015 - 25.50%). The deferred combined statutory rate is expected to be 27.00% for 2017 and subsequent years (2015 - 27.00%).

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 15. Income tax information (continued)

#### Temporary differences and tax loss not recognized for accounting purposes:

	<u>2016</u>	<u>2015</u>
Non-capital loss carry-forwards	\$ 2,340,064	\$ 2,249,692
Capital loss carry-forwards	443,553	405,871
Share issuance costs	21,364	47
US net operating loss	302,599	279,952
Property and equipment	17,927	17,598
Mineral properties	5,422,664	5,457,192
Short-term investments	296,016	402,157
Total	\$ <u>8,844,187</u>	\$ <u>8,812,509</u>

As future taxable profits of the Company are uncertain, no deferred tax asset has been recognized. As at September 30, 2016, the Company had unused non-capital loss carry forwards of approximately \$2.3 million that expire between the years 2026 and 2036. Capital loss carry-forwards may be carried forward indefinitely. The Company has unused US net operating loss carry forwards of approximately \$230,000 USD that expire between the years 2025 and 2036.

During the year ended September 30, 2016, the Company received a British Columbia mining exploration tax credit in the amount of \$13,465 for qualified expenditures made in 2015 totalling \$44,884 relating to both the Ches property and the Cariboo property (see Note 7 - Exploration and evaluation assets). There were no qualifying expenditures made in 2016.

### 16. 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:

		<u>Sept, 30 2016</u>	<u>Sept 30, 2015</u>
<b>Key management remuneration</b>			
President and director	a \$	4,000	\$ 8,000
Corporate Secretary	d	5,963	18,309
Directors' fees	b	900	1,000
Total Management remuneration	\$	<u>10,863</u>	<u>\$ 27,309</u>
<b>Other related party transactions</b>			
<b>Manson Creek Resources</b>			
Office rent and operating costs paid	c \$	18,383	\$ 3,000
General and administrative and secretarial costs paid	c \$	3,573	\$ 1,713
General and administrative and secretarial costs received	c \$	(1,105)	\$ (1,111)
<b>Guatavita Gold Corporation</b>			
Office rent and operating costs paid	d \$	-	\$ 6,455
General and administrative and secretarial costs paid	d \$	7,365	\$ 27,638
General and administrative and secretarial costs received	d \$	-	\$ (393)

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

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

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

<b>Balances Receivable (Owing)</b>		<b>Sept 30, 2016</b>		<b>Sept 30, 2015</b>
<b>Consulting fees:</b>				
President and director	a	\$ (4,200)	\$	(4,200)
<b>Office rent and operating costs:</b>				
Manson Creek Resources Ltd.	c	\$ (6,315)	\$	-
<b>General and administrative and secretarial costs:</b>				
Guatavita Gold Corporation	d	\$ -	\$	(1,437)
Manson Creek Resources Ltd.	c	\$ (1,333)	\$	(525)
Guatavita Gold Corporation	d	\$ -	\$	374
Manson Creek Resources Ltd.	c	\$ 1,161	\$	315

Management compensation payable to "key management personnel" during the years ended September 30, 2016 and 2015 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, 2016. 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, 2016 \$4,000 (2015 - \$Nil), was expensed through reporting to shareholder expenses or general and administrative expenses, \$Nil (2015 - \$8,000), was capitalized to exploration and evaluation assets and \$Nil (2015 - \$Nil) was expensed through pre-acquisition and evaluation asset expenditures.

b) 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 periods.

c) Manson 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. Effective April 1, 2015, the Company commenced to lease office space from Manson. Manson and the Company share three common officers and two common directors.

d) Guatavita employed two individuals who also performed work for the Company and incurred certain administrative expenses on behalf of the Company and bills on a quarterly basis for these expenses. Included in these billings were the services provided by the Corporate Secretary. Effective January 1, 2012 to March 31, 2015, the Company leased office space from Guatavita. The Company incurred certain administrative expense on Guatavita's behalf that were subsequently billed to Guatavita on a quarterly basis. Effective December 31, 2015, the Company is no longer receiving services from or providing services to Guatavita. Guatavita and the Company share three common officers and one common director. Subsequent to December 31, 2015, the Corporate Secretary has provided services to the Company on a contract basis.

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.



# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

### 17. 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 its 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. Additional annual rent is estimated to be approximately \$13,600. As at September 30, 2016, the committed base lease costs to the termination of the lease are as follows:

October 1, 2016 - March 31, 2017                      \$ 5,216

### 18. Supplemental disclosure statement of cash flows

Reconciliation of cash used in operating activities to operating loss for the years ended:

	<u>Sept 30, 2016</u>	<u>Sept 30, 2015</u>
Income (loss) and comprehensive income (loss)	\$ <u>90,174</u>	\$ (39,586)
Depreciation	329	627
Impairment charges (recovery)	(2,967)	49,629
Interest and other income	(141)	(139)
Gain on short-term investments	(174,600)	(105,000)
Changes in assets and liabilities pertaining to operations:		
Accounts receivable	(431)	(329)
Prepaid expenses	1,285	78
Accounts payable and accrued liabilities	2,406	(12,161)
2015 accrued impairment reversed	2,000	-
Cash paid to suppliers and contractors	\$ <u>(81,945)</u>	\$ <u>(106,881)</u>

### 19. Segment disclosures

During the years ended September 30, 2016 and 2015, 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.

### 20. 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

# Northern Abitibi Mining Corp.

## Notes to the Consolidated Financial Statements

(Expressed in Canadian Dollars)

September 30, 2016

---

### 20. Capital (continued)

Company's failure to incur the expenditures. As at September 30, 2016 and September 30, 2015 there were no qualifying expenditures required by flow-through agreements, consequently there was no restricted cash at September 30, 2016 and September 30, 2015.

### 21. 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 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, 2016 and September 30, 2015.

#### 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 continuing operations of the Company are dependent upon its ability to obtain adequate financing or to commence profitable operations in the future. The Company feels that it has sufficient working capital to finance general and administration and other operating expenses for 12 months assuming similar activity levels to the previous year. However, increases in activity levels, new property acquisitions and any level of exploration on its mineral properties will require additional financing. There can be no assurance that the Company will be successful in obtaining financing. Refer to Note 1 - "Nature of operations".

#### c) Market risk

The Company's equity investments are subject to market price risk. The investments in common shares are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings. The price value of these investments can vary from period to period. During the year ended September 30, 2016, the market price fluctuation on the investments held resulted in a net gain of \$212,282 (2015 - \$105,000) on short-term investments. In 2016 at 10% change in fair value of the Company's marketable investments would result in a charge to income of \$45,350 (2015 - \$28,475). The Company does not intend to hold these investments for more than one year.

The Company has not yet developed producing mineral interests, it is not exposed to commodity price risk associated with developed properties at this time.

#### d) Interest rate risk

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. All market risk is associated with the Company's investments in common shares, which are recorded at fair value at the respective period ends with the resultant gains or losses recorded in earnings.

#### e) Foreign exchange risk

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 risk at this time.

---

## **Corporate Information**

### **Head Office:**

Suite 800, 808-4<sup>th</sup> 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, 530-8<sup>th</sup> Avenue S.W.  
Calgary, Alberta, T2P 3S8

### **Website:**

[www.naminco.ca](http://www.naminco.ca)

### **Email:**

[inquiries@naminco.ca](mailto:inquiries@naminco.ca)

### **Legal Counsel:**

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

### **Bank:**

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

### **Auditors:**

BDO Canada LLP  
620, 903-8<sup>th</sup> Avenue SW  
Calgary, Alberta, T2P 0P7

### **Listed:**

TSX Venture Exchange

### **Symbol:**

NAI