



NORTH ATLANTIC RESOURCES LTD.

INTERIM REPORT TO SHAREHOLDERS
AND
UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2008

Management's Comments on Unaudited Consolidated Financial Statements

The accompanying unaudited interim consolidated financial statements of North Atlantic Resources Ltd. for the three and nine month periods ended September 30, 2008 have been prepared by management and approved by the Board of Directors of the Company.

These financial statements have not been reviewed by the Company's external auditors.



NORTH ATLANTIC RESOURCES LTD.

Suite 410, 55 Adelaide St. East, Toronto, Ontario, M5C 1K6, Canada
ph.: 416-703-6348, fax 416-703-6507, email: info@nac-tsx.com website www.nac-tsx.com

REPORT TO SHAREHOLDERS

We are pleased to report the results of operations for the interim period ended September 30, 2008 and to provide shareholders with an update on the Company's activities.

North Atlantic Resources Ltd. (NAC-TSX) ("North Atlantic") is a Canadian gold exploration company that is primarily focused on the discovery and development of gold deposits in the Republic of Mali, West Africa (Mali). From a start of no commercial scale gold production in 1990, Mali has become Africa's third largest gold producing country. North Atlantic controls a premier land position of five gold exploration projects of which two (FT and Kantela) are at an advanced stage of exploration and two more (Massala and Kourouba) have yielded significant exploration results. North Atlantic began acquiring and developing these projects in 2002 and we look forward to continued exploration success for the remainder of 2008 and into 2009.

Of equal importance to the Company's exploration properties, is its committed team of mineral exploration professionals. Based in Bamako, the capital city of Mali, our geologists have been involved in the exploration, discovery and development of numerous gold discoveries in Mali including exploration work on the discovery of two mine projects.

At present, North Atlantic's five gold projects comprise 614.5 square kilometers (151,846 acres) of mineral rights in the Republic of Mali. Since 2002, the Company has made gold discoveries at the Kantela project (2004), FT project (2005), Massala project (2006), and the Kourouba project (2007).

During the past 14 months, and, in particular during September and October of 2008 the global economic circumstances for junior explorers and the commodities for which they explore has changed dramatically. Commodity prices are lower and capital for mineral exploration is difficult to obtain. During this period of challenge your Company will seek to encourage others to participate in the exploration of our properties through earn-in joint venture arrangements or other advantageous option arrangements. Through this effort we seek to pass on the exploration costs to interested parties in return for an interest in those properties.

North Atlantic Resources Ltd. continues to pursue a policy of attempting to monetize our oil and gas permit in the Republic of Mali and our uranium exploration Permits in the Republic of Niger. Management recognizes the inherent long term value that these permits can represent and are confident that other potential partners will share our view.

GOLD PROJECT FOCUS

FT

The FT Gold Project (228 sq. km.) is the Company's most advanced gold discovery. The preliminary resource calculation includes 241,000 ounces of gold at a grade of 0.95 grams gold per tonne in the Indicated category, and 353,000 ounces of gold at a grade of 1.05 grams gold per tonne in the Inferred category. FT is in the same geologic environment as the 11 million ounce Morila (Anglogold-Randgold) and 5 million ounce Syama (Resolute Resources) gold mines in southern Mali.

There are a dozen gold in soil geochemical anomalies requiring additional exploration within the FT permit areas. For the remainder of 2008, exploration will consist of pitting, and auger drilling to investigate for the existence of strike extensions or parallel zones of mineralization at two of the most advanced anomaly areas; the Main Anomaly, and at the FT Resource area.

KOUROUBA

The Kourouba Gold Project (185 sq. km.) is 150 kilometers northwest of the FT gold deposit. The property covers a strike length of 14 kilometers of prospective stratigraphy in the Birimian Yanfolila greenstone belt.

A total of fifty-eight reverse circulation drill holes totaling 4,422 meters in two phases have been drilled since 2007. The drill holes intersected a mixture of granitic intrusive rocks and fine-grained sedimentary rocks. The first phase of drilling in 2007 provided encouraging gold assays such as drill hole 07 KRRC-27 intersected 42 meters grading 1.22 grams gold per tonne, drill holes 07 KRRC-30, 07 KRRC-31, and 07 KRRC-33, which are 500 meters to the south of 07 KRRC-27, intersected 14 meters grading 1.76 grams gold per tonne, 6 meters grading 1.39 grams gold per tonne, and 14 meters grading 1.16 grams gold per tonne respectively. The second phase results included intersections of 40 meters grading 1.06 grams gold per tonne (07 KRRC-44), 10 meters of 5.75 grams gold per tonne (07 KRRC-48), and 12 meters grading 1.81 grams gold per tonne (07 KRRC-49).

North Atlantic views these results as an important new gold discovery. During the remainder of 2008 and into 2009 extensive pitting and auger drilling will be completed to enhance geological understanding and establish a comprehensive reverse circulation drill plan.

The Company's exploration and corporate expenditure plans for the balance of 2008 will require additional financing to advance all of its projects.

ON BEHALF OF THE BOARD OF DIRECTORS,

signed "Scott Waldie"

Scott Waldie
President and CEO

Toronto, Canada
November 7, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

Three Months and Nine Months Ended September 30, 2008

This Management's Discussion and Analysis is dated November 5, 2008 and reflects the three-month and nine-month periods ended September 30, 2008 and should be read in conjunction with the consolidated financial statements and Management's Discussion and Analysis included in the Company's 2007 Annual Report and the Annual Information Form. These documents are available on SEDAR at www.sedar.com and from the office of the Company.

Company Overview

The Company, which was formed in 1997, is a public mineral exploration company concentrating its efforts and funds on exploring for gold and uranium in West Africa. The Company's personnel have extensive education, training and experience in identifying and exploring mineral prospects and securing the required funding to advance its properties. Since 2006, the Company has continued to advance its mineral projects in the Republic of Mali ("Mali") with the first mineral resource being announced at the FT gold project. In the first quarter of 2007, three gold projects and an oil and gas exploration permit (Macina) were acquired in Mali, and two additional uranium concessions (Assaouas 1 and 2) were acquired in the Republic of Niger ("Niger"). The Company currently holds mineral exploration rights over 1,378 square kilometres in Mali, three uranium exploration permits covering 2,963 square kilometres in Niger, and a 19,259 square kilometre oil and gas exploration property in Mali. At September 30, 2008, the Company's cash position was \$821,000 after completing a private placement in June 2008 of 3,533,333 common shares for net proceeds \$1,050,000.

For the balance of 2008 the Company plans Auger drilling and pitting programs, on its FT and Massala Gold Projects.

- The Company's FT Gold Project hosts an initial resource estimate (based on a 0.5 grams of gold per tonne cut-off) of 241,000 ounces of gold at a grade of 0.95 grams gold per tonne in the indicated mineral resource category, and 353,000 ounces of gold at a grade of 1.05 grams gold per tonne in the inferred mineral resource category. The FT Project is over 500 sq km in extent and hosts more than a dozen gold in soil geochemical anomalies requiring additional exploration. For the remainder of 2008, exploration will consist of pitting, auger drilling and pitting to investigate for the existence of strike extensions or parallel zones of the Main Anomaly and at the FT resource.
- The Company's Massala Gold Project has provided several compelling gold intercepts from drilling conducted in March of 2006. The best intersection was 12 m grading 3.26 grams per tonne gold. Pitting over the contact between Birimian meta-sediments and intrusive rocks will test for anomalous gold concentrations in order to delineate potential new drill targets.
- At the Company's Kourouba Gold Project, in March, April and December, 2007, 58 RC drill holes (4,422m) were drilled to test a soil geochemical anomaly. The RC drill holes confirmed that gold is concentrated in saprolite and bedrock in the anomaly. The drill holes intersected a mixture of granitic intrusive rocks and fine-grained sedimentary rocks with variable amounts of secondary biotite, chlorite, and quartz. The most interesting sections are the sections with 07 KRRC-27 (42 m grading 1.22 grams gold per tonne) and the section 500 m to the south of that which intersected 14 m grading 1.76 grams gold per tonne in 07 KRRC-30, 6 m grading 1.39 grams gold per tonne in 07 KRRC-31, and 14 m grading 1.16 grams gold per tonne in 07 KRRC-33. Notwithstanding the Company's faith in this project, it is, at present, awaiting more certain economic times and clear indications of favourable market sentiment before committing capital for continued drilling at Kourouba.

The Company has two other active gold properties on which it is conducting detailed geochemical surveys to identify prospective new drill targets. The Kantela property is being reviewed for possible joint venture or purchase agreements. The Diokeba property will receive infill geochemical surveying and pitting projects prior to delineating drill targets.

The Company is not in compliance with its spending requirements on its Macina oil project in Mali and its uranium properties in Niger. In Mali, the Government is aware of the circumstances and has made no move to notify the Company through a notice of default according to the Convention. In Niger, due to civil unrest in the area, the Company believes that force majeure, according to the mining contract, is in effect.

North Atlantic Resources Ltd. is continuing to move forward with monetizing its uranium and oil and gas exploration interests and at present is discussing various financing methods with third parties. The Company believes that this approach will provide an important element for achieving long term exploration success with diversified mineral prospects.

Mineral Property Activities

During the nine-month period ended September 30, 2008, the Company incurred deferred exploration costs of \$858,000 (2007-\$2,034,000). In the 2008 period, the expenses were for drilling the Tinkelini property, analysing drilling results from the Kourouba project, the resource review at the FT project and reviewing the other projects. The Company also incurred mineral property acquisition and option costs in 2008 of \$268,000 for projects in Mali. During the balance of 2008, additional exploration work is planned, consisting of drilling and geochemical analysis, on its exploration projects in Mali as described above.

Results of Operations

For the three months ended September 30, 2008, the Company incurred a loss from operations of \$125,000 or nil per share, compared to a loss of \$664,000 or \$0.03 per share for the same period of 2007. In the current period, the Company received interest income of \$6,000, compared to \$22,000 in the same period of 2007, as cash and investment balances were reduced and interest rates declined. For the 2007 quarter, there was \$384,000 of stock option compensation expenses for options granted. Generally, the Company's operating costs have been reduced to help conserve cash balances.

For the nine-month period ended September 30, 2008, the Company incurred a loss from operations of \$1,206,000 or \$0.05 per share, compared to a loss of \$1,232,000 or \$0.06 per share for the same period of 2007. In the current period, the Company received interest income of \$17,000, compared to \$86,000 in the same period of 2007, as cash and investment balances were reduced and interest rates declined. During the 2008 period, the Company abandoned three gold projects, Sitakili, Kerekoto and Moussala, and wrote-down the related mineral interests and deferred exploration expenditures amounting to \$596,000 (2007 - \$49,000). For the 2008 period, there was also \$29,400 of stock option compensation expenses for options granted compared to \$384,300 in the 2007 period. In the 2008 period, general expenses included \$26,000 for redundancy payments to some employees in Africa.

Summary of Quarterly Results

Selected financial information for the first three quarters of 2008 and each of the quarters of 2007 and 2006 is as follows (unaudited):

		3 rd Quarter Ended September 30, 2008	2 nd Quarter Ended June 30, 2008	1 st Quarter Ended March 31, 2008
Revenue		Nil	Nil	Nil
Net loss for period		\$ 125,000	\$ 639,000	\$ 441,000
Loss per share		\$ 0.00	\$ 0.03	\$ 0.02

	4 th Quarter Ended December 31, 2007	3 rd Quarter Ended September 30, 2007	2 nd Quarter Ended June 30, 2007	1 st Quarter Ended March 31, 2007
Revenue	Nil	Nil	Nil	Nil
Net loss for period	\$ 466,000	\$ 664,000	\$ 255,000	\$ 312,000
Loss per share	\$ 0.03	\$ 0.03	\$ 0.01	\$ 0.01

	4 th Quarter Ended December 31, 2006	3 rd Quarter Ended September 30, 2006	2 nd Quarter Ended June 30, 2006	1 st Quarter Ended March 31, 2006
Revenue	Nil	Nil	Nil	Nil
Net loss for period	\$ 1,241,000	\$ 270,000	\$ 413,000	\$ 305,000
Loss per share	\$ 0.06	\$ 0.01	\$ 0.02	\$ 0.02

The significant loss in the 4th quarter of 2006 relates to the write-down of two mineral projects amounting to \$1,053,000.

Liquidity and Capital Resources

Cash and short-term investments at September 30, 2008, totalled \$821,000, compared to \$1,488,000 at December 31, 2007. In June 2008, the Company completed a private placement of 3,533,333 common shares for net proceeds of \$1,050,000. In the 2007 period, a private placement was completed for net proceeds of \$3,703,000. During the nine-month period ended September 30, 2008, operating activities used \$510,000 (2007 - \$800,000) in cash, and mineral properties and exploration used \$1,207,000 (2007 - \$2,336,000) in cash. The Company is reviewing further funding options to meet its anticipated future exploration and corporate expenditure requirements. At present, with the world financial crisis, it would appear that equity or other funding will be harder to secure. The Company will be reviewing its alternatives on spending strategy over the near term to preserve cash on hand. If financing availability does not return to a more normal situation for junior exploration companies, the Company may have to curtail all operations in 2009 until conditions improve. This may mean losing some of the Company's properties.

Related Party Transactions

A law firm, in which an officer and one of the directors are partners, invoiced the Company \$34,000 (2007 - \$118,000) for legal services during the six-month period ended June 30, 2008. The law firm charges the Company the same rates as it does to its other clients.

Critical Accounting Estimates

Critical accounting estimates used in the preparation of the consolidated financial statements include the Company's estimate of recoverable value of its mineral properties and related deferred exploration expenditures, as well as the value of stock-based compensation. Both of these estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

The factors affecting stock-based compensation include estimates of when stock options and compensation warrants might be exercised and the stock price volatility. The timing for exercise of options is out of the Company's control and will depend upon a variety of factors, including the market value of the Company's shares and financial objectives of the stock-based instrument holders. The Company used historical data to determine volatility in accordance with the Black-Scholes model. However, the future volatility is uncertain and the model has its limitations.

The Company's recoverability of its recorded value of its mineral properties and associated deferred exploration expenses is based on market conditions for minerals, underlying

mineral resources associated with the properties and future costs that may be required for ultimate realization through mining operations or by sale. The Company is in an industry that is dependent on a number of factors including environmental, legal and political risks, the existence of economically recoverable reserves, the ability of the Company and its subsidiaries to obtain necessary financing to complete the development, and future profitable production or the proceeds of disposition thereof.

Outstanding Share Data

At November 5, 2008, the Company had 25,723,741 common shares issued and outstanding. In addition, there were 3,465,000 stock options granted and outstanding and 1,524,050 share purchase warrants issued and outstanding which, if fully exercised, would bring the fully diluted issued common shares to a total of 30,712,791.

Changes in Accounting Policies

The Company has adopted the following new accounting policies effective January 1, 2008 as issued by the Canadian Institute of Chartered Accountants ("CICA"):

Capital Disclosures

In December 2006, the CICA issued Handbook Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied and the consequences of non-compliance with any capital requirements to which it is subject. The Company has included disclosures recommended by the new Handbook section in Note 5 to the interim consolidated financial statements.

Financial Instruments – Disclosures and Financial Instruments - Presentation

In December 2006, the CICA issued Handbook Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. Section 3862 modifies the disclosure requirements of Section 3861 Financial Instruments - Disclosures and Presentation including required disclosure of the assessment of the significance of financial instruments for an entity's financial position and performance; and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 carries forward the presentation related requirements of Section 3861. The adoption of 3863 does not have any effect on the consolidated financial statements presentation. The Company has included disclosures recommended by the new Handbook section in Note 6 to the interim consolidated financial statements.

Inventories

In March 2007, the CICA issued Handbook Section 3031 Inventories, which replaces Section 3030 Inventories. Under the new section, inventories are required to be measured at the "lower of cost and net realizable value, which is different from the existing guidance of the "lower of cost and market value". The new section contains guidance on the determination of cost and also requires the reversal of any write-downs previously recognized, if applicable. Certain minimum disclosures are required, including the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The Company evaluated the impact of the adoption of this new section on the consolidated financial statements and concluded the impact was not material.

Changes in Accounting Standards Not Yet Adopted

Goodwill and Intangible Assets

In February 2008, CICA issued Handbook Section 3064 Goodwill and Intangible Assets which is required to be adopted for fiscal years beginning on or after October 1, 2008. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition by profit-oriented

enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of this new standard.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

Risks and Uncertainties

Exploration and Development, Foreign Countries and Currency Risks

The business of exploring for minerals involves a high degree of risk particularly in foreign countries where the Company presently operates. Few properties that are explored are ultimately developed into producing mines. At present, none of the Company's properties have a known body of commercial ore. Major expenses may be required to establish ore resources and reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the current exploration programs planned by the Company will result in a profitable commercial mining operation. Risks to foreign operations may include political unrest, war, civil disturbances and terrorist actions, arbitrary changes in law or policies, inability or delays in getting governmental permits, limitations on foreign ownership and other risks not specified here. Foreign currency fluctuations may adversely affect the Company's financial position and operating results.

Financing Risks

The Company has limited financial resources, has no operating cash flow and has no assurance that sufficient funding will be available to it for further exploration and development of its projects or to fulfill its obligations under any applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of its projects with the possible forced sale or loss of such properties. The Company will require additional financing if ongoing exploration of its properties is warranted.

Mineral Properties and Deferred Exploration Expenditures

Mineral properties and deferred exploration expenditures represent the capitalized expenditures directly related to the exploration and development of mineral properties. Upon commencement of commercial production, all related capital expenditures for any given project are amortized over the estimated economic life of the property. If a property is abandoned or deemed economically unfeasible, the related project balances are written off.

Forward Looking Statements

These consolidated financial statements and management's discussion and analysis contain certain forward-looking statements relating but not limited to the Company's expectations, intentions, plans and beliefs. Forward-looking information can often be identified by forward-looking words such as "anticipate", "believe", "expect", "goal", "plan", "intend",

"estimate", "may" and "will" or similar words suggesting future outcomes, or other expectations, beliefs, plans, objectives, assumptions, intentions or statements about future events or performance. Forward-looking information may include reserve and resource estimates, estimates of future production, unit costs, costs of capital projects and timing of commencement of operations, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to, failure to establish estimated resources and reserves, the grade and recovery of ore which is mined varying from estimates, capital and operating costs varying significantly from estimates, delays in obtaining or failures to obtain required governmental, environmental or other project approvals, inflation, changes in exchange rates, fluctuations in commodity prices, delays in the development of projects and other factors. Forward-looking statements are subject to risks, uncertainties and other factors that could cause actual results to differ materially from expected results.

Potential shareholders and prospective investors should be aware that these statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, inherent risks and uncertainties, both general and specific, that contribute to the possibility that the predictions, forecasts, projections and various future events will not occur. The Company undertakes no obligation to update publicly or otherwise revise any forward-looking information whether as a result of new information, future events or other such factors which affect this information, except as required by law.

Outlook

Under the current economic and financial climate North Atlantic Resources Ltd. is seeking to capitalize on its existing projects by entertaining advantageous joint venture or sale agreements with interested mining companies. The establishment of such agreements is by no means certain and North Atlantic may require equity financing in lieu of such arrangements to advance its projects. In the meantime, the Company is building upon the gold discovery at the FT gold project.

North Atlantic is continuing to move forward with monetizing its uranium and oil and gas exploration interests. We believe that this approach will provide an important element for achieving long term exploration success with diversified mineral prospects. This approach is proving to be challenging in the current economic and financial circumstances. North Atlantic Resources Ltd. perceives that valuable potential can be realised from these assets if it is able to find suitable partners to assist with advancing our interests.

The Company's exploration and corporate expenditure plans for the balance of 2008 will require additional financing to advance any of its projects. At present, with the world financial crisis, it would appear that equity or other funding will be harder to secure. The Company will be reviewing its alternatives on spending strategy over the near term to preserve cash on hand. If financing availability does not return to a more normal situation for junior exploration companies, the Company may have to curtail all operations in 2009 until conditions improve. This may mean losing some of the Company's properties.

November 5, 2008

NORTH ATLANTIC RESOURCES LTD.
Consolidated Balance Sheets (Unaudited)
As at September 30, 2008 and December 31, 2007

	<u>2008</u>	<u>2007</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 821,178	\$ 1,487,718
Sundry receivables and prepaid expenses	41,635	145,304
	<u>862,813</u>	<u>1,633,022</u>
Mineral Properties (Note 3)	1,298,072	1,200,490
Deferred Exploration Expenditures (Note 4)	13,002,450	12,570,340
Property and Equipment	95,121	120,283
	<u>\$15,258,456</u>	<u>\$15,524,135</u>
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 31,066	\$ 170,613
Shareholders' Equity (Note 5)		
Share Capital	21,798,334	20,748,097
Share Purchase Warrants	635,529	713,126
Contributed Surplus	3,360,606	3,253,608
Deficit	<u>(10,567,079)</u>	<u>(9,361,309)</u>
	<u>15,227,390</u>	<u>15,353,522</u>
	<u>\$15,258,456</u>	<u>\$15,524,135</u>

On Behalf of the Board of Directors

signed "Scott Waldie"
J. Scott Waldie
Director

signed "Anthony Lloyd"
Anthony P. L. Lloyd
Director

NORTH ATLANTIC RESOURCES LTD.
Consolidated Statements of Operations and Deficit (Unaudited)
For the Periods Ended September 30, 2008 and 2007

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2008	2007	2008	2007
Expenditures				
Management	\$ 84,542	\$ 121,986	\$ 305,181	\$ 366,050
Stock option compensation	-	384,300	29,400	384,300
Investor communications and travel	11,643	57,057	95,379	189,785
Professional fees	11,169	29,879	52,627	112,160
Regulatory fees	-	-	16,266	20,223
General and office administration	22,298	73,780	130,939	167,472
Foreign exchange	606	17,641	(6,599)	17,346
Amortization	1,268	1,585	3,804	11,996
Write-down of mineral properties and deferred exploration	-	-	595,802	48,722
Interest income	(6,238)	(21,919)	(17,029)	(86,295)
Net Loss for Period	(125,288)	(664,309)	(1,205,770)	(1,231,759)
Deficit, Beginning of Period	(10,441,791)	(8,231,476)	(9,361,309)	(7,664,026)
Deficit, End of Period	\$ (10,567,079)	\$ (8,895,785)	\$ (10,567,079)	\$ (8,895,785)
Loss per Share	\$ -	\$ (0.03)	\$ (0.05)	\$ (0.06)
Weighted Average Shares Outstanding	25,723,741	22,190,408	24,545,963	21,851,730

Consolidated Statements of Cash Flows (Unaudited)
For the Periods Ended September 30, 2008 and 2007

	Three Months Ended Sept. 30,		Nine Months Ended Sept. 30,	
	2008	2007	2008	2007
Cash Used for Operations				
Net loss for period	\$ (125,288)	\$ (664,309)	\$ (1,205,770)	\$ (1,231,759)
Items not involving cash				
Stock option compensation	-	384,300	29,400	384,300
Amortization	1,268	1,585	3,804	11,996
Write-down of mineral properties and deferred exploration	-	-	595,802	48,722
Changes in non-cash working capital items	(67,803)	(50,253)	67,114	(12,961)
	(191,823)	(328,677)	(509,650)	(799,702)
Financing Activities				
Issue of share capital	-	-	1,050,238	3,703,433
Investing Activities				
Mineral properties	-	(105,011)	(267,879)	(375,935)
Deferred exploration expenditures	(228,218)	(314,914)	(939,249)	(1,959,641)
	(228,218)	(419,925)	(1,207,128)	(2,335,576)
Increase (Decrease) in Cash	(420,041)	(748,602)	(666,540)	568,155
Cash and Cash Equivalents, Beginning of Period	1,241,219	2,744,162	1,487,718	1,427,405
Cash and Cash Equivalents, End of Period	\$ 821,178	\$ 1,995,560	\$ 821,178	\$ 1,995,560

Notes to Consolidated Financial Statements September 30, 2008 (unaudited)

1. Basis of Presentation

The interim financial statements of the Company are prepared by management using accounting principles generally accepted in Canada for interim financial statements and reflect the accounting principles set out in the notes to the Company's financial statements as at December 31, 2007, appearing in the Company's 2007 Annual Report plus the changes effective January 1, 2008 as described in Note 2. These interim financial statements should be read in conjunction with those annual financial statements and the notes thereto. The results of operations and cash flows for the current period are not necessarily indicative of the results to be expected for the full year.

Going Concern

The Company is in the business of acquiring and exploring mineral properties and is not at the stage where it has generated revenues from its properties. The Company has incurred significant losses during the past number of years and has accumulated a deficit amounting to \$10,567,000 at September 30, 2008. Notwithstanding these continued losses, these consolidated financial statements have been prepared on a going concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business. The ability of the Company to continue as a going concern and to realize its assets and discharge its liabilities when due in the normal course of business is dependent on the existence of economically recoverable mineral reserves and the ability to raise adequate financing from lenders, shareholders and other investors to support such business activities. The Company will be seeking additional financings to continue its exploration plans. At present, the ability of the Company to raise additional financing is deemed more difficult due to the world financial crisis. These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

2. Changes in Accounting Policies

The Company has adopted the following new accounting policies effective January 1, 2008 as issued by the Canadian Institute of Chartered Accountants ("CICA"):

Capital Disclosures

In December 2006, the CICA issued Handbook Section 1535, Capital Disclosures, which establishes standards for disclosing information about an entity's capital and how it is managed. The entity's disclosure should include information about its objectives, policies and processes for managing capital and disclose whether or not it has complied and the consequences of non-compliance with any capital requirements to which it is subject. The Company has included disclosures recommended by the new Handbook section in Note 5 to these interim consolidated financial statements.

Financial Instruments – Disclosures and Financial Instruments - Presentation

In December 2006, the CICA issued Handbook Section 3862 Financial Instruments – Disclosures and Section 3863 Financial Instruments – Presentation. Section 3862 modifies the disclosure requirements of Section 3861 Financial Instruments - Disclosures and Presentation including required disclosure of the assessment of the significance of financial instruments for an entity's financial position and performance; and of the extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 carries forward the presentation related requirements of Section 3861. The adoption of 3863 does not have any effect on the consolidated financial statements presentation. The Company has included disclosures recommended by the new Handbook section in Note 6 to these interim consolidated financial statements.

Inventories

In March 2007, the CICA issued Handbook Section 3031 Inventories, which replaces Section 3030 Inventories. Under the new section, inventories are required to be measured at the "lower of cost and net realizable value, which is different from the existing guidance of the "lower of cost and market value". The new section contains guidance on the determination of cost and also requires the reversal of any write-downs previously recognized, if applicable. Certain minimum disclosures are required, including the accounting policies used, carrying amounts, amounts recognized as an expense, write-downs, and the amount of any reversal of any write-downs recognized as a reduction in expenses. The Company evaluated the impact of the adoption of

this new section on the consolidated financial statements and concluded the impact was not material.

Changes in Accounting Standards Not Yet Adopted

Goodwill and Intangible Assets

In February 2008, CICA issued Handbook Section 3064 Goodwill and Intangible Assets which is required to be adopted for fiscal years beginning on or after October 1, 2008. This section establishes standards for the recognition, measurement, presentation and disclosure of goodwill and intangible assets subsequent to their initial recognition by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of this new standard.

International Financial Reporting Standards ("IFRS")

In 2006, the Canadian Accounting Standards Board ("AcSB") published a new strategic plan that will significantly affect financial reporting requirements for Canadian companies. The AcSB strategic plan outlines the convergence of Canadian GAAP with IFRS over an expected five year transitional period. In February 2008, the AcSB announced that 2011 is the changeover date for public accountable companies to use IFRS, replacing Canada's own GAAP. The transition date is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The transition date of January 1, 2011 will require the restatement for comparative purposes of amounts reported by the Company for the year ended December 31, 2010. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

3. Mineral Properties

Mineral properties are recorded at cost and consist of the following projects:

	Balance December 31, 2007	2008 Expenditures	2008 Write-downs	Balance Sept. 30, 2008
FT	\$ 172,527	\$ -	\$ -	\$ 172,527
Kantela	160,253	-	-	160,253
Diokeba	28,601	-	-	28,601
Massala	123,316	50,827	-	174,143
Sitakili	148,900	-	(148,900)	-
Kourouba	71,075	112,488	-	183,563
Other - Mali	21,397	25,098	(21,397)	25,098
Macina - Oil	280,711	79,466	-	360,177
Uranium - Niger	193,710	-	-	193,710
	<u>\$ 1,200,490</u>	<u>\$ 267,879</u>	<u>\$ (170,297)</u>	<u>\$ 1,298,072</u>

	Balance December 31, 2006	2007 Expenditures	Balance Sept. 30, 2007
FT	\$ 172,527	\$ -	\$ 172,527
Kantela	160,253	-	160,253
Diokeba	28,601	-	28,601
Massala	107,479	-	107,479
Sitakili	68,662	80,238	148,900
Kourouba	-	71,075	71,075
Macina - Oil	-	224,622	224,622
Uranium -Niger	168,645	-	168,645
	<u>\$ 706,167</u>	<u>\$ 375,935</u>	<u>\$ 1,082,102</u>

The Company is not in compliance with its spending requirements on its Macina oil project in Mali and its uranium properties in Niger. In Mali, the Government is aware of the circumstances and has made no move to notify the Company through a notice of default according to the Convention. In Niger, due to civil unrest in the area, the Company believes that force majeure, according to the mining contract, is in effect.

North Atlantic Resources Ltd. is continuing to move forward with monetizing its uranium and oil and gas exploration interests and at present is discussing various financing methods with third parties. The Company believes that this approach will provide an important element for achieving long term exploration success with diversified mineral prospects.

4. Deferred Exploration Expenditures

Deferred exploration expenditures are recorded at cost and consist of the following projects:

	Balance December 31, 2007	2008 Expenditures	2008 Write-downs	Balance Sept. 30, 2008
FT	\$ 8,150,669	\$ 197,824	\$ -	\$ 8,348,493
Kantela	1,499,630	41,041	-	1,540,671
Diokeba	461,488	21,124	-	482,612
Massala	623,325	114,643	-	737,968
Sitakili	176,542	31,325	(207,867)	-
Kourouba	581,138	111,125	-	692,263
Other - Mali	151,505	160,085	(217,638)	93,952
Macina - Oil	165,349	67,130	-	232,479
Uranium - Niger	760,694	113,318	-	874,012
	<u>\$ 12,570,340</u>	<u>\$ 857,615</u>	<u>\$ (425,505)</u>	<u>\$ 13,002,450</u>

	Balance December 31, 2006	2007 Expenditures	2007 Write-downs	Balance Sept. 30, 2007
FT	\$ 7,801,735	\$ 258,815	\$ -	\$ 8,060,550
Kantela	1,466,728	32,178	-	1,498,906
Diokeba	436,452	21,385	-	457,837
Massala	364,277	221,211	-	585,488
Sitakili	80,994	114,668	-	195,662
Kourouba	-	474,841	-	474,841
Other - Mali	48,722	-	(48,722)	-
Macina - Oil	-	233,330	-	233,330
Uranium - Niger	246,797	677,639	-	924,436
	<u>\$ 10,445,705</u>	<u>\$ 2,034,067</u>	<u>\$ (48,722)</u>	<u>\$ 12,431,050</u>

In 2008, the Company abandoned the Sitakili, Kerekoto and Moussala gold projects in Mali which resulted in write-downs of accumulated mineral property and deferred exploration expenditures of \$595,802.

5. Shareholders' Equity

a) During the nine-month period ended September 30, 2008, the following common shares were issued:

	Shares	Amount
Balance – December 31, 2007	22,190,408	\$ 20,748,097
For cash – private placement	3,533,333	1,050,237
Balance – September 30, 2008	<u>25,723,741</u>	<u>\$ 21,798,334</u>

In June 2008, the Company issued 3,533,333 common shares in a private placement for gross proceeds of \$1,060,000.

b) During the nine-month period ended September 30, 2008, an aggregate of 275,000 five-year stock options were granted to a director and an employee at an average weighted exercise price of \$0.36 each. The fair value of the 275,000 options granted was estimated on the date of grant using the Black-Scholes option-pricing model, using the following weighted average assumptions:

Option Assumptions

Dividend yield	-
Expected volatility	58%
Risk free interest rate	3.3%
Expected option term – years	3.0
Fair value per share of options granted	\$0.11

Compensation expense recorded under the fair value method of accounting was \$29,400.

Also, during the nine-month period ended September 30, 2008, 200,000 options were cancelled and 443,750 options expired with a combined deemed value of \$267,400 and 184,317 broker warrants expired with a deemed value of \$77,597. Both of these amounts were added to contributed surplus on the balance sheet.

Capital Management

The Company manages its capital and makes adjustments to it, based on the funds available to the Company, in order to support the acquisition, exploration and development of mineral properties. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The properties in which the Company currently has an interest are in the exploration stage; as such the Company is dependent on external financing to fund its activities. In order to carry out the planned exploration and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. The Company will continue to assess new properties and seek to acquire an interest in additional properties that would be accretive and meaningful to the Company.

Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2008.

Neither the Company nor its subsidiaries is subject to externally imposed capital requirements.

6. Financial Instruments

The Company's financial risk exposures and the impact on the Company's financial instruments are summarized below:

Credit Risk

The Company's credit risk is primarily attributable to accounts receivable included in sundry receivables and prepaid expenses. The Company has no significant concentration of credit risk arising from operations. Financial instruments included in amounts receivable and prepaid expenses consist of goods and services tax due from the Federal Government of Canada and receivables from unrelated companies for advances for exploration work to be undertaken. Management believes that the credit risk concentration with respect to financial instruments included in amounts receivable and prepaid expenses is reasonable and the amounts are not too significant.

Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2008, the Company had cash balances of \$821,000 (December 31, 2007 - \$1,488,000) to settle current liabilities of \$31,000 (December 31, 2007 - \$171,000). All of the Company's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms.

Market Risk

(a) Interest Rate Risk

The Company has cash balances and no interest-bearing debt. The Company periodically makes investments in Canadian bank guaranteed certificates and monitors the investments it makes and is satisfied with the credit ratings of its banks.

(b) Foreign Currency Risk

The Company's functional currency is the Canadian dollar and major purchases are transacted in Canadian and USA dollars. The Company funds certain operations, exploration and administrative expenses in West Africa on a cash call basis using US dollar currency converted from its Canadian dollar bank accounts held in Canada. The US dollars are then converted into West African Francs

("CEF"). Management believes the foreign exchange risk derived from currency conversions is not significant to its operations and therefore does not hedge its foreign exchange risk.

Sensitivity Analysis

The Company has designated its cash and cash equivalents and short term deposits as held-for-trading, which are measured at fair value. Financial instruments included in amounts receivable and prepaid expenses are classified as loans and receivables, which are measured at amortized cost. Accounts payable and accrued liabilities are classified as other financial liabilities, which are measured at amortized cost.

As at September 30, 2008, the carrying and fair value amounts of the Company's financial instruments are the same.

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three month period:

(a) For cash balances, sensitivity to a plus or minus 1% change in rates would affect net loss by \$8,200 on an annualized basis.

(b) At September 30, 2008, the Company held US\$87,000 which, with a 5% change in exchange rates, would affect the net loss by \$4,350. At September 30, 2008, the Company also held \$73,000 in CEF which with a 10% change in exchange rate would affect net loss by \$7,300.

(c) Price risk is remote since the Company is not a producing entity.

7. Related Party Transactions

A law firm, in which an officer and one of the directors are partners invoiced the Company \$34,000 (2007 - \$118,000) for legal services for the nine-month period ended September 30, 2008. The law firm charges the Company the same rates as it does to its other clients.