



Management's Discussion and Analysis

For the three months and year ended December 31, 2010

Date of Report: April 28, 2011

Overview:

This Management's Discussion and Analysis of the financial condition and results of operation ("MD&A") of 49 North Resources Inc. (the "Corporation" or "49 North") has been prepared based upon information available to the Corporation as at April 28, 2011 and should be read in conjunction with the audited financial statements and the notes thereto as at and for the year ended December 31, 2010. All financial data in this MD&A is reported in Canadian dollars and has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") unless otherwise indicated (see "Non-GAAP Measures").

The Corporation is currently a corporation under the laws of Saskatchewan whose common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "FNR". It is a reporting issuer in all of the provinces and territories of Canada. The Corporation is the successor by reorganization to 49 North Resource Fund Limited Partnership, which was constituted a limited partnership under the laws of Saskatchewan in July 2005, originally under the name 49 North Resource Flow-Through Limited Partnership (the "Former Partnership"). The Former Partnership's limited partnership units ("Units") were listed on the TSXV under the trading symbol FNR.UN until, effective January 1, 2008, the Former Partnership converted from the limited partnership into a corporation with the name 49 North Resource Fund Inc. in a series of transactions collectively referred to herein as the "Conversion Transaction". Effective August 14, 2009, the corporate name was changed from "49 North Resource Fund Inc." to "49 North Resources Inc." All references herein to "49 North" or the "Company", and personal pronouns such as "us", "we" or "our", mean the Corporation when used with reference to the period from and after January 1, 2008 and mean the Former Partnership when used with reference to the period prior to January 1, 2008. References herein to the "General Partner" mean the corporation which, under the name 49 North Resource Fund Inc., served as the general partner of the Former Partnership until its dissolution as part of the Conversion Transaction. Unless the context indicates otherwise, references to "common shares", mean common shares of the Corporation when used with reference to the period from and after January 1, 2008 and include Units of the Former Partnership when used with reference to the period prior to January 1, 2008. Additionally, unless otherwise indicated, all current and comparative figures in this MD&A have been adjusted to reflect the 2 Unit for 1 common share consolidation that occurred effective January 1, 2008 as part of the Conversion Transaction.

Nature of the Business:

49 North is a resource investment, financial and managerial advisory and merchant banking company. The Corporation's subsidiary, North Rim Exploration Ltd. ("North Rim"), provides independent geological consulting services. The Corporation's subsidiary, Allstar Energy Limited ("Allstar") is involved in oil and gas exploration and extraction in Saskatchewan. The Corporation's subsidiary, Kimpar Resources Inc. ("Kimpar") is involved in mineral exploration in Quebec. Currently, 49 North's principal business is to acquire and aggressively manage a diversified portfolio of shares and other securities of resource companies including, without limitation, resource companies engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation in the portfolio. In addition, the Corporation is expanding its business into a broader range of activities, including but not limited to an increased role in the management of larger positions (including, potentially, control positions) in selected resource issuers and/or becoming directly or indirectly (through one or more subsidiaries, joint ventures, farm-ins or other arrangements that may be established for that purpose) involved in the acquisition, development and/or commercialization of resource properties. 49 North increasingly provides managerial,

administrative, property development and other advice and/or assistance to individuals and companies at the very early, start-up stages and/or in some cases acquire a controlling interest in certain investee companies or direct interests in resource properties, all with a view to developing resource properties, creating the appropriate corporate vehicle for that development, raising exploration funds and, more generally, moving a resource property from a concept to a properly capitalized operating entity. The overall business strategy of the Corporation is to enhance shareholder value by positioning 49 North to take advantage of early stage and/or undervalued opportunities that exist in the resource sector.

The Corporation owns 50% of the issued and outstanding voting shares of North Rim Exploration Ltd., a Saskatchewan corporation, with the remaining 50% of the voting shares being held by key employees and exclusive consultants of North Rim Exploration Ltd.

The Corporation owns 89.5% of the issued and outstanding voting shares of Allstar Energy Limited, a Saskatchewan corporation, and the remaining 10.5% of the voting shares are held by the founders and operators of Allstar Energy Limited.

The Corporation owns 80% of the issued and outstanding voting shares of Kimpar Resources Inc., a Canada corporation.

As discussed in the Corporation's annual financial statements for its fiscal year ended December 31, 2010, the Corporation's investment in Newsk Emerging Resources Ltd. constitutes a variable interest entity ("VIE") in which the Corporation is the primary beneficiary. Therefore, the Corporation is required under applicable accounting principals to consolidate the VIE. Notwithstanding the forgoing, Newsk Emerging Resources Ltd. is not a subsidiary of the Corporation.

Overall Performance:

Fiscal 2010 was an exceptional year for the Corporation, as it was able to realize some significant gains in its portfolio of investments, including several significant transactions that crystallized previously unrealized gains. The Corporation benefited from significant increases in commodity prices in general, which led an increase in value of 22.43% in our portfolio of investments year over year. The Corporation was able to redeploy the capital received from the realization of early stage investments in a number of new investments, in accordance with our business plan, with the goal of repeating this cycle.

Outside of the investment portfolio, the Corporation made a number of significant strategic acquisitions in the year, as is fully discussed in the significant events section. These investments has given the Corporation direct interest in highly prospective oil and gas properties in Saskatchewan, and world class copper, molybdenum, dimension stone and aggregate exploration properties in Quebec.

The Corporation has consolidated the financial results of its subsidiaries North Rim, Allstar and Kimpar, as well its investee company Newsk. Due to this consolidation the Corporation is reporting geological consulting revenue and production revenue on its statement of operations in addition to income resulting from realizations on investments.

The Corporation realized net gains on the sale of investments in the year ended December 31, 2010 of \$18,376,900. This realization was mainly the result of the disposition of the Athabasca Potash Inc. shares held by the Company, but there were a significant number of other dispositions that have contributed to the realized gain. (See "Significant Events".)

As at December 31, 2010, the fair value of the Corporations investment portfolio was \$45,470,707 as compared to \$37,140,911 as at December 31, 2009 (a 22.43% increase) and shareholders' equity stood at \$52,136,076 as at December 31, 2010 compared to \$31,955,460 as at December 31, 2009 (a 63.15% increase).

49 North remains committed to its investment strategy and long-term objectives. The Corporation believes that the upward trend in stock and commodity prices will remain in the near term as a result of increasing global demand for base and precious metals, energy, alternative energy and potash.

Selected Financial Information:

As the Corporation continues to grow and diversify its business strategy, the financial results, as mentioned, are now required to consolidate the financial results of North Rim, Allstar, Kimpar and Newsk.

Balance Sheet Information In \$ 000's except per share data	December 31, 2010	December 31, 2009	December 31, 2008
Equity investments, at fair value	\$ 45,471	\$ 37,141	\$ 7,672
Total assets	75,929	43,141	8,679
Liabilities and Minority Interest	23,793	11,186	4,960
Shareholders Equity	52,136	31,955	3,719
Per share, basic	\$1.00	\$ 1.79	\$ (12.14)
Per share, diluted	\$0.96	\$ 1.74	\$ (12.14)

Statement of Operations Information In \$ 000's except per share data	Three Months ended December 31,		Year ended December 31,	
	2010	2009	2010	2009
Consulting services	656	-	3,036	-
Production revenue	905	-	1,063	-
Net realized investment gains (losses)	2,684	554	18,377	1,696
Net unrealized investment gains (losses)	11,654	237	1,292	14,559
Investment, rent and royalty income	373	31	764	61
	<u>\$16,272</u>	<u>\$ 822</u>	<u>\$24,532</u>	<u>\$ 16,316</u>
Expenses	3,628	763	10,155	3,222
Income (loss) before income taxes and minority interest	12,644	59	14,377	13,094
Future and current income taxes (recovery)	1,426	8	2,609	1,879
Minority interest	160		212	
Net Income	11,483	50	11,979	11,215
Earnings (loss) per share, basic	\$0.96	\$0.01	\$1.00	\$1.79
Earnings (loss) per share, diluted	\$0.92	\$0.01	\$0.96	\$1.74

Significant Events:

Apart from the general economic factors and specific financial information mentioned above, the following events and developments occurred during year ended December 31, 2010 that changed or affected the organizational structure, capitalization, operations and/or result of operation of 49 North.

➤ **Rollover Transaction with 2009 Fund:**

At three closings held November 16, 2009, December 4, 2009 and December 16, 2009, 49 North 2009 Resource Flow-Through Limited Partnership (the "2009 Fund") raised \$8,328,800 on the sale of 832,880 flow-through units (the "2009 Units"), at \$10.00 per 2009 Unit, in an initial public offering that was carried out in all provinces and territories of Canada except Quebec pursuant to a prospectus dated November 5, 2009. Pursuant to a transfer agreement made November 5, 2009, effective February 1, 2010, the 2009 Fund transferred its assets – consisting of flow-through shares and warrants of 14 resource companies valued, after all adjustments, for the purposes of the transaction, at \$7,572,149 – to the Corporation in a Roll-over Transaction in exchange for 4,351,810 common shares of the Corporation, which were valued for the purpose of the transaction at \$1.74 per share. Following this transfer, but also effective February 1, 2010, the 2009 Fund was wound-up and dissolved and these 4,351,810 shares were

distributed amongst the (former) partners of the 2009 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (4,351,374 shares) and as to 0.01% (436 shares) to the general partner. Accordingly, each (former) limited partner of the 2009 Fund received approximately 5.224 shares of the Corporation for each 2009 Unit they previously held.

➤ **Realization on Early Stage Investment in Athabasca Potash Inc.:**

On March 23, 2010 BHP Billiton Canada Inc. closed its acquisition of all of the issued and outstanding common shares of Athabasca Potash Inc. pursuant to a statutory plan of arrangement in accordance with section 186.1 of *The Business Corporations Act* (Saskatchewan) for \$8.35 cash per common share. Upon the divestiture of the 2,254,000 common shares of Athabasca Potash Inc. held by 49 North at the time of closing, 49 North received \$18,820,900 in cash. Based on the 12,754,883 shares then outstanding, this represented a cash injection of approximately \$1.47 per common share.

➤ **Acquisition of Allstar Energy Limited:**

Effective April 12, 2010 49 North acquired 89.5% of the issued and outstanding common shares of Allstar Energy Limited (“Allstar”), a private company with oil and gas assets in the Kindersley area of Saskatchewan. The 10.5% residual interest in Allstar is owned by the founders and operators of the private company. The acquisition provides 49 North with a significant interest in just over nine sections of highly prospective land underlain by the prolific Viking oil formation and represents a significant advancement of the Corporation’s oil and gas development strategy to be achieved through acquisition, joint venture and direct exploration. Generally characterized by high quality, economically successful light oil production, activity in the area dates back to the 1950’s with most oil being recovered using traditional vertical well technology. Given the sizable area of this established but relatively undeveloped field, 49 North views the acquired assets as a prime opportunity for enhanced production capabilities using horizontal drilling and newly developed multi-stage fracture technology. 49 North acquired 10,548,502 Allstar shares for \$3,481,005.66 (\$0.33 per share)

On August 24, 2010, the Corporation announced that Allstar had completed a drill program consisting of five horizontal Viking oil and gas wells in the Kindersley area. The wells were drilled to total depths of between 1,557 meters and 1,614 meters with average horizontal leg lengths of approximately 780 meters. The Corporation subsequently announced that the production began on the five Viking wells and that these wells were tied in to the newly constructed, 100% Allstar owned, oil and gas processing facility. The Corporation subsequently reported that the initial combined production rate from the initial 5 wells is approximately 300 BOE/day when all 5 wells are pumping at optimal capacity.

On December 20, 2010, the Corporation announced that Allstar had completed its initial exploration well on its Red Pheasant property, south of North Battleford, Saskatchewan. The well was drilled to a total measured depth of 747 meters. During the drilling, hydrocarbon bearing sandstones were observed in drill cuttings from the Mannville Group. Open hole wireline logs show the presence of an “A” and “B” sandstone unit within the Sparky formation. The “A” unit is estimated to be 5m thick, with the “B” unit being situated 5m below the bottom of the “A” unit and estimated to be 3.5m thick. Initial log analysis along with significant oil in the drill cuttings indicate that both the “A” and “B” units are oil saturated with neither zone showing any significant signs of water. The Company, through Allstar, has an agreement with the Red Pheasant First Nation granting it exclusivity to explore and drill over 32 Sections (approximately 22,000 acres) of highly prospective heavy oil land which encompasses the initial exploration hole. Allstar has also been granted an Indian Oil and Gas Canada subsurface permit covering 10,595.50 acres, more or less, which also encompasses the initial exploration hole.

On February 10, 2011, the Corporation announced that Allstar had completed Phase 2 of its drill program, consisting of an additional five horizontal Viking oil and gas wells in the Kindersley, Saskatchewan area. These five wells are now on production and are tied into Allstar’s oil and gas processing facility. The Corporation will announce production numbers after the initial 90 days of production is complete.

The Corporation plans to drill up to an additional 20 horizontal oil wells in the Viking formation in the Kindersley area in 2011. Now that the Allstar production facility is fully operational, all new production can be effectively tied in to fully realize maximum field netbacks. The Corporation is currently benefiting from field netbacks of approximately \$50/BOE from the Viking field at Kindersley.

Reserves

Fekete Associates Inc. has prepared a report evaluating Allstar's reserves as at December 31, 2010. The following is a summary of the Corporation's interest in those reserves, prepared from that report. For further information, please see the Corporation's annual information form for the fiscal year ended December 31, 2010.

	Gross Oil - Mbbbl	Gross Gas - MMcf	Gross Total - Mboe	NPV 5% (before tax)	NPV 10% (before tax)	NPV 15% (before tax)
Proved	1,165	3,106	1,682.7	\$30,532,690	\$22,371,950	\$17,180,010
Probable	263.5	694	379.2	9,463,460	6,255,750	4,648,870
Proved plus probable	1,428.5	3,800	2,061.9	\$39,996,150	\$28,627,700	\$21,828,880

Conversion ratio of 1Mbbbl:6 MMCF

➤ **Acquisition of Kimpar Resources Inc.:**

Effective December 13, 2010 49 North acquired 80% of the issued and outstanding common shares of Kimpar Resources Inc. ("Kimpar"), a private company with copper and aggregate assets in the Gaspé area of Quebec. The acquisition provides 49 North with a controlling interest in 6,127 hectares of highly prospective copper-molybdenum lands, including several claims adjoining the "Project Valieres" joint venture between Xstrata Canada Corporation and Soquem Inc. Kimpar also owns four fully permitted granite aggregate quarries and a deposit of absolute black "Nightstone" granite. The total purchase price for the shares was \$1,129,000 (\$0.025 per share), comprised of a cash payment of \$483,000 and the conversion of \$646,000 of existing debt owed by Kimpar to 49 North.

➤ **Mineral Property Acquisition and Agreement with Westcore Energy Ltd.:**

In March, 2009 the Corporation obtained approval for two coal exploration permits in Manitoba. 49 North received a 100% interest in Quarrying Exploration Permit Nos. QP-216 and QP-229 which were issued by Manitoba Innovation, Energy and Mines, Mines Branch for a term of three years commencing March 5, 2010 and authorize 49 North to explore for coal on the approximately 8,653 hectares covered by the permits. During the second quarter of 2010, 49 North received Quarrying Exploration Permits Nos. QP-231 to QP-233 inclusive, for an additional 1,588 hectares of coal exploration property in Manitoba. The additional permits allow for exploration on the property for a period of 3 years, commencing on June 24, 2010.

On October 18, 2010 49 North completed the sale of its interest in the aforementioned coal permits with Westcore Energy Inc. ("Westcore"), a related party. Westcore acquired a 50% interest in the property covered by the permits, together with all rights attaching to them with the ability to increase this interest to as much as 80%. The consideration payable to 49 North under the agreement consisted of the issuance of an aggregate of 1,000,000 common shares in the capital of Westcore, together with an unsecured demand promissory note in the amount of \$256,825, which was subsequently paid. Under the agreement, Westcore will operate all exploration and drilling activities in respect of the property and will bear responsibility for all exploration expenditures and related costs until such time as a bankable feasibility study is completed. Westcore is obliged to expend not less than \$500,000 on exploration expenses in respect of the properties during its 2010 – 2011 exploration program and will earn additional interest in these property based upon the following: (a) provided that Westcore incurs and pays exploration expenditures in excess of \$1,000,000 on or before December 31, 2012, Westcore will earn a further 10% interest in the property; and (b) provided that Westcore completes a bankable feasibility study in respect of the property on or before December 31, 2013, Westcore will earn a further 20% interest in the property.

On March 2, 2011, the Corporation announced the initial results from its 16 hole exploration program, conducted by Westcore, into the joint venture property. Each of the 16 holes intersected coal, with the two greatest coal intercepts being 99 and 87.2 meters of composite thickness. 14 of the holes intersected coal thicknesses greater than 20 meters, ranging from 20.9 to 48.8 meters of composite thickness. The greatest east-west areal extent of continuous coal greater than 20 meters thick proven by drilling equaled 650 meters, while the greatest north-south areal extent

of continuous coal greater than 20 meters thick proven by drilling equaled 500 meters. The deposit is open in three directions.

➤ **Stock Option Plan:**

On March 25, 2010, the board of directors of the Corporation approved a grant of 280,000 stock options. 195,000 of the options were granted to directors and executive officers with the balance granted to employees. The options are exercisable at \$2.35 per share, and if not exercised, expire March 25, 2020, subject to earlier expiration in accordance with the 2008 Stock Option Plan and applicable policies of the TSX Venture Exchange. On June 18, 2010, an additional 20,000 options were granted to a director of the Company. The options are exercisable at \$2.35 per share, and if not exercised, expire June 18, 2020. On October 15, 2010, an additional 60,000 options were granted to an executive officer of the Company. The options are exercisable at \$2.00 per share, and if not exercised, expire October 15, 2020.

➤ **Normal Course Issuer Bids:**

On July 31, 2009 the Corporation announced its intention, and its receipt of all required regulatory approvals including approval by the TSXV, to make a normal course issuer bid (the "2009 NCIB") for up to 720,823 of its common shares, representing approximately 10% of 49 North's public float at the time. The 2009 NCIB commenced on August 7, 2009 and ended on August 6, 2010. The 2009 NCIB was made through the facilities of the TSXV and the purchase and payment for the securities will be made in accordance with TSXV requirements at the market price of the common shares at the time of acquisition. All common shares purchased by 49 North under the 2009 NCIB were cancelled. For the period August 7, 2009 to August 6, 2010 the Corporation purchased 313,000 common shares under this program at a cost of \$709,293 (on average, \$2.27 per share).

On August 4, 2010 the Corporation disclosed its intention to make a normal course issuer bid (the "2010 NCIB") for up to 1,009,345 of its common shares, representing approximately 10% of the Company's public float. The 2010 NCIB commenced on August 7, 2010 and will continue until the earlier of August 6, 2011 and the date by which the Corporation has acquired the maximum 1,009,345 common shares, which may be purchased under the 2010 NCIB. The 2010 NCIB will be made through the facilities of the TSXV and the purchase and payment for the securities will be made in accordance with TSXV requirements at the market price of the common shares at the time of acquisition. All common shares purchased by the Corporation under the 2010 NCIB will be cancelled.

For the year ended December 31, 2010, the Corporation repurchased 398,899 common shares pursuant to its normal course issuer bids at a total cost of \$844,552 (on average, \$2.12 per share).

➤ **Debenture Offering:**

On June 29, 2010 the Corporation announced that it had engaged MGI Securities Inc. to act as agent in connection with the offer and sale, of a minimum \$2,000,000 and maximum \$10,000,000 principal amount of 8% convertible unsecured subordinated debentures (the "2010 Debentures"). The 2010 Debentures have a three year term, maturing on September 23, 2013 (the third anniversary of the closing date). The outstanding principal amount of the 2010 Debentures is convertible at the option of the holder, exercisable at any time prior to 5:00 pm (Toronto time) on the business day immediately preceding the maturity date or the business day immediately preceding the date the 2010 Debentures are redeemed, into common shares of 49 North at a conversion price of: (i) \$4.00 per common share prior to the first anniversary of the closing date; (ii) \$4.25 per common share on or after the first but prior to the second anniversary of the closing date, or (iii) \$4.50 per common share on or after the second anniversary of the closing date. The Corporation raised a total of \$4,690,800 on the issuance of the 2010 debentures.

➤ **Andrew Davidson, CA appointed as CFO and Secretary:**

On October 15, 2010, the Corporation announced the appointment of Andrew Davidson, CA as Chief Financial Officer and Secretary of the Corporation. Mr. Davidson has extensive experience in Canadian and International Financial Reporting Standards which was gained through years of experience in public practice accounting in both the Alberta and Saskatchewan markets, focusing specifically on assurance for publicly listed enterprises. Mr. Davidson replaced Mr. Robert M. Guist, CMA, who had acted as interim Chief Financial Officer and Secretary.

Results of Operations:
Summary of Results:

The Company's operating results for the year ended December 31, 2010 and for the year ended December 31, 2009 is stated below; with the subsequent table representing selected quarterly results for the eight most recently completed quarters.

Results of Operation	December 31, 2010	December 31, 2009
Revenues	\$24,531,749	\$ 16,315,530
Net income for the period	11,979,315	11,214,731
Earnings per share – basic	1.00	1.79
Earnings per share – diluted	0.96	1.74
Total assets	75,928,764	42,071,736
Total liabilities and Minority Interest	23,792,688	10,116,276
Shareholders' equity	52,136,076	31,955,460

Quarterly Results of Operations (unaudited)				
In \$ 000's except per share data	Quarter ended			
	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010
Revenues	\$16,272	\$3,316	\$(4,338)	\$9,282
Net income (loss)	11,482	38	(3,956)	4,415
Earnings (loss) per share – basic	\$0.96	\$0.00	\$(0.32)	\$0.40
Earnings (loss) per share – diluted	\$0.90	\$0.00	\$(0.32)	\$0.39
	December 31, 2009	September 30, 2009	June 30, 2009	March 31, 2009
Revenues	\$822	\$6,707	\$3,672	\$5,115
Net income (loss)	51	5,248	2,319	3,598
Earnings (loss) per share – basic	\$0.01	\$0.63	\$0.43	\$1.08
Earnings (loss) per share – diluted	\$0.01	\$0.61	\$0.39	\$0.98

Year Ended December 31, 2010 and 2009:

For the year ended December 31, 2010, the Corporation recorded pre-tax income of \$14,376,844 and net income, after tax and minority interest, of \$11,979,315 (\$1.00 per share), compared to pre-tax income of \$13,093,994 and net income of \$11,214,731 (\$1.79 per share) for the year ended December 31, 2009.

The Company's pre-tax income in 2010 of \$14,376,844 was based on revenue and net investment gains of \$24,531,749 less recorded expenses of \$10,154,905; compared to 2009 pre-tax income of \$13,093,994 on revenues and net investment gains of \$16,315,530 and expenses of \$3,221,536. The increase in pre-tax income year over year is primarily a result of a net change of \$3,414,211 between net investments (realized and unrealized) gains in 2010 versus 2009. Net gains were higher in 2010. Additionally, the Corporation is benefitting from strategic acquisitions made in 2010 and late 2009.

The \$24,531,749 of revenues in 2010 is comprised of \$3,035,970 of geological consulting services, \$1,062,699 of oil and gas production revenue, \$18,376,900 of realized gains, \$1,291,934 of unrealized gains, \$336,453 of royalty income and \$427,793 of investment, rent and dividend income. By comparison, in 2009, the Corporation had realized net investment gains of \$1,696,018, unrealized gains of \$14,558,605 and interest and dividend income of \$60,907. The Corporation's investment gains in 2010 were generally attributable to the realization of accumulated gains on its investment in Athabasca Potash Inc. The Corporation received \$18,820,900 in cash for its 2,254,000 shares owned. The realized investment gains in 2010 were also attributable to both selling investments to fund operations and to continue the strategy of consistently reviewing and monitoring the investments the Corporation holds in the portfolio. The \$3,035,970 of geological consulting is generated by North Rim for providing consulting services for third party resource companies. The oil and gas production revenue and royalty revenue is attributable to both the activities of 49 North's oil and gas subsidiary, Allstar Energy Limited, and various working interest and royalty agreements held directly and indirectly by the Corporation with a variety of oil and gas producers.

Expenses for the year ended December 31, 2010 were \$10,154,905, compared to \$3,221,536 for the year ended December 31, 2009. The following table provides a list of all expenses incurred by the Corporation for the year ended December 31, 2010 and 2009. Additional information about these expenses including the main reasons for year-over-year changes in expenses is provided in the notes to the table.

	Years Ended December 31	
	2010	2009
Amortization and depletion ¹	1,639,619	49,580
Business development and investor relations ²	865,997	598,522
Interest and royalties ³	1,118,930	681,992
Management fees and performance bonus ⁴	968,155	528,063
Wages and benefits ²	2,063,319	152,994
Office and administration ²	900,470	148,132
Professional fees ⁵	851,538	363,072
Stock compensation ⁶	767,883	442,891
Oil and gas operating expenses ⁷	415,797	-
Project expenses ²	318,585	-
Transaction costs ⁸	244,612	256,290
	10,154,905	3,221,536

Notes:

1. Amortization and depletion expense is related primarily to the depletion of the oil and gas properties held by the Corporation directly and through its subsidiary, Allstar Energy Limited. Amortization is also related to the amortization of the Company's leasehold improvements and capital assets at corporate office, as well as the leasehold improvement and equipment held by North Rim, Kimpar and Newsk, which are consolidated in the results.
2. Business development and investor relations costs, wages and benefits, office and administration and project expenses totaled \$4,148,371 in 2010 compared to \$899,648 in 2009. The increase relates primarily to the consolidated subsidiaries. Of the total, \$2,820,923 relates to the operations of the subsidiary companies.
3. Interest and royalties expense was \$1,118,930 for the year ended December 31, 2010 compared to \$681,992 in 2009. The majority of interest relates to the \$5,000,000 principal amount of convertible debentures at a 9% interest rate issued by the Corporation in July 2008 and the \$4,690,800 principal amount of convertible debentures at 8% issued in September 2010. In addition, the interest expense for the year includes the accretion of the liability component of the debentures in the amount of \$386,216. Also included in the total is \$140,665 of Crown and Freehold royalties paid on the production of oil and gas from the Corporation's subsidiary Allstar.

4. The management fees expense for the year ended December 31, 2010 is \$968,155 while being \$528,063 in 2009. The increase is due to the increased net asset value of the Company.
5. Professional fees for the year ended December 31, 2010 were \$851,538, an increase of \$488,466 over fiscal 2009. The increase is attributable to the timing of when the Corporation is involved in transactions requiring professional consulting services. In addition, for 2010, the amount includes professional fees related to the acquisitions of North Rim, Allstar, and Kimpar, as well as the issuance of the convertible debentures.
6. In the year, a total of 360,000 options were issued with exercise prices ranging between \$2.00 - \$2.35. All of the options have a 10 year life. The options were valued using the Black-Scholes valuation model. See also "Significant Events - Stock Option Plan".
7. In the year, the Corporation incurred \$415,797 of oil and gas operating expenses related to our various working interest arrangements. These represent the ongoing monthly costs of operating the producing wells.
8. Transactions costs in 2010 were moderately lower than 2009 while trading activity was relatively consistent with 2009. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments.

The Corporation also recorded a combined current and future income tax expense for the year ended December 31, 2010 of \$2,609,498 compared to an expense of \$1,879,263 in 2009.

Three Months Ended December 31, 2010 and 2009:

For the three months ended December 31, 2010, the Corporation recorded pre-tax income of \$12,644,177 and net income, after tax, of \$11,482,599 (\$0.96 per share), compared to pre-tax income of \$58,697 and net income of \$50,469 (\$0.01 per share) in the three months ended December 31, 2009.

The Corporation's pre-tax income in fourth quarter 2010 of \$12,644,177 was based on revenues and net investment gains of \$16,272,198 less recorded expenses of \$3,628,021; compared to fourth quarter 2009 of pre-tax income of \$58,697 on revenues and net investment gains of \$822,047 and expenses of \$763,350. The increase in pre-tax income year over year is primarily a result of a net change of \$13,546,816 between net investments (realized and unrealized) gains in 2010 versus 2009. The increase is further explained by the presence of oil and gas production revenues in 2010 as well as geological consulting revenue; neither of these revenue streams were applicable to the three months ended December 31, 2009.

The \$16,272,198 of revenues in the fourth quarter 2010 is comprised of \$655,941 of consulting services, \$905,297 of production revenue, \$2,683,616 of realized gains, \$11,654,276 of unrealized gains and \$373,068 of investment, rent and royalty income. By comparison, in the fourth quarter 2009, the Corporation had realized net investment gains of \$554,469, unrealized gains of \$236,607 and interest and dividend income of \$30,971. The Corporation's investment gains in the fourth quarter of 2010 were generally attributable to an upward trend in the equity markets resulting in unrealized gains on its held investments. The realized investment gains in the three months ended December 31, 2010 were also attributable to both selling investments to fund operations and to the continued strategy of consistently reviewing and monitoring the investments the Corporation holds in the portfolio.

Expenses for the three months ended December 31, 2010 were \$3,628,021, compared to \$763,350 in the three months ended December 31, 2009. The following table provides a list of all expenses incurred by the Corporation for the three months ended December 31, 2010 and 2009. Additional information about these expenses including the main reasons for year-over-year changes in expenses is provided in the notes to the table.

Fourth Quarter Expenses	Three Months Ended December 31,	
	2010	2009
Amortization and depletion ¹	1,331,505	12,395
Business development and investor relations ²	83,526	94,608
Interest and royalties ³	389,061	193,850
Management fees and performance bonus ⁴	326,696	144,761
Wages and benefits ²	543,376	22,229
Office and administration ²	547,849	81,399
Professional fees ⁵	24,978	157,515
Stock compensation ⁷	115,451	-
Oil and gas operating expense ⁶	105,466	-
Project expenses ²	68,585	-
Transaction costs ⁸	91,528	56,593
	3,628,021	763,350

Notes:

1. Amortization and depletion expense is related primarily to the depletion of the oil and gas properties held by the Corporation directly and through its subsidiary, Allstar Energy Limited. Amortization is also related to amortization of the Corporation's leasehold improvements and capital assets at corporate office. In addition, it includes amortization of equipment held by North Rim, Newsk, Kimpar and Allstar which are consolidated in the results. These companies were not included in the financial results of 2009.
2. Business development and investor relations costs, wages and benefits, project expenses and office and administration expenses totaled \$1,243,336 compared to \$198,236 for the three months ended December 31, 2009. The increase relates primarily to the consolidated subsidiaries.
3. Interest and royalties expense was \$389,061 for fourth quarter 2010 compared to \$193,850 for third quarter 2009. The majority of interest relates to the \$5,000,000 principal amount of convertible debentures at a 9% interest rate issued by the Corporation in July 2008 and the \$4,690,800 principal amount of convertible debentures at 8% issued in September 2010. Also included in the total are Crown and Freehold royalties paid on the production of oil and gas from Allstar.
4. The management fees expense for the fourth quarter 2010 is \$326,696 while being \$144,761 in 2009. The increase in 2010 is due to the increase in the net asset value of the Company.
5. Professional fees for the three months ended December 31, 2010 were \$24,978, an decrease of \$132,537 over the fourth quarter of 2009. The decrease is attributable to the timing of when the Corporation in involved in transactions requiring professional consulting services. In 2010, the majority of the transactions requiring professional and consulting services were completed in the first three quarters.
6. In the fourth quarter, the Corporation incurred \$115,451 of oil and gas operating expenses related to its various working interest arrangements. These represent the ongoing monthly costs of operating the producing wells.
7. In third quarter 2010 the Corporation issued 60,000 stock options with an exercise price of \$2.00 and a life of 10 years. The options were valued using the Black-Scholes valuation model. See also "Significant Events – Stock Option Plan".
8. Transactions costs in the fourth quarter of 2010 were higher than 2009 due to the increased trading activity. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Corporation's accounting policy for investments.

The Corporation also recorded a combined current and future income tax expense in the three months ended December 31, 2010 of \$1,425,748 compared to an expense of \$8,228 in 2009.

Cash Flow:***Year Ended December 31, 2010 and 2009:***

Net cash used in operating activities was \$1,070,202 for the year ended December 31, 2010, compared to net cash used in operating activities of \$2,737,682 in 2009, a decrease in use of \$1,667,480.

Net cash used in investing activities during the year was \$1,784,336 compared to a cash use in 2009 of \$3,472,045. This was largely a result of net proceeds on sale of investments of \$14,265,505 offset by purchase of capital assets of \$7,109,879, the purchase of mineral properties of \$23,710, loan advances of \$3,922,618 and the acquisition of subsidiaries net of cash of \$4,993,634. Net cash generated from investments in 2009 was \$133,884.

Net cash generated from financing activities was \$6,404,031 in the year ended December 31, 2010 compared to cash generation of \$3,933,702 in the year ended December 31, 2009. The 2010 activity consisted of the issuance of convertible debentures and an increase in loans payable generating \$7,600,457 in cash. This was offset by \$274,607 of share and debt issue costs as well as \$844,152 cash used in the retirement of shares in accordance with the normal course issuer bid and \$77,667 for the repayment of loans payable.

For the year ended December 31, 2010 the Corporation had a net increase in cash of \$3,549,493 compared to a net decrease of \$2,276,025 a year ago.

Three Months Ended December 31, 2010 and 2009:

Net cash used in operating activities was \$415,496 for the three months ended December 31, 2010, compared to net cash used in operating activities of \$498,154 in the same period last year, an decrease in cash use of \$82,658.

Net cash used in investing activities during the quarter was \$6,023,251 compared to cash used in 2009 of \$3,388,693. This was largely a result of significant investment of \$4,922,373 in petroleum properties and equipment and capital assets in the quarter, as well as the acquisition of Kimpar. This was partially offset by net proceeds from the sale of investments of \$1,347,559.

Net cash generated from financing activities was \$3,035,158 in the three months ended December 31, 2010 compared to cash generation of \$451,214 in the three months ended December 31, 2009. The increase is generally attributable to the increase in convertible debentures and loans payable of \$3,101,722. The 2009 activity consisted of cash generated on issuance of common shares of \$74,998 offset with \$43,295 of cash used to retire shares in accordance with the normal course issuer bid and the issuance of a promissory note of \$375,000 in conjunction with the acquisition of North Rim.

For the three months ended December 31, 2010 the Corporation had a net decrease in cash of \$3,403,589 compared to a decrease of cash of \$3,435,633 in the three months ended December 31, 2009.

Capital Resources:***Assets:***

49 North's principle business is to invest in and manage a diversified portfolio of securities of resource companies with the objective of achieving medium to long-term capital appreciation through the aggressive management of and growth in value of the portfolio. At December 31, 2010 the Corporation had total assets of \$75,928,764, approximately 60% of which consisted of equity investments in a total of 109 resource companies.

In addition to its equity portfolio investments, as at December 31, 2010 the Corporation had other recorded assets totaling \$30,458,057 (December 31, 2009 – \$6,000,175); including cash and cash equivalents of \$1,526,415, loans and advances receivable of \$6,378,921 from investee companies, property and equipment consisting of furniture and equipment, leasehold improvements and oil and gas properties of \$12,696,285, mineral properties and deposits of \$5,952,897, goodwill of \$1,523,152 and accounts receivable and prepaids of \$2,380,387.

Investment Portfolio: 49 North may invest in securities of any resource company regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee company's exploration, development or other business activities, and regardless of the size or market capitalization of the investee company. However, the Corporation's portfolio focuses on junior and intermediate resource companies, with funds invested predominately in resource companies that are listed on the TSXV or other junior exchanges; although a significant portion of the portfolio, by value, may also be invested in TSX listed companies. Additionally, a significant portion of 49 North's portfolio may at any time or from time to time be invested in unlisted securities, including securities acquired under private placements of what are commonly referred to "founder's share" or "seed-capital shares", securities that may otherwise be issued by a resource company prior to completing feasibility studies including, without limitation, a Form 43-101 Technical Report, a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information or securities that may otherwise may be issued prior to a resource company becoming a "reporting issuer".

There are no fixed restrictions or requirements as to the particular sectors of the resource industry in which 49 North invests and no fixed restrictions or requirements as to the geographical locations in which investee resource companies conduct their exploration and/or development activities. However, 49 North tends to focus on resource companies with activities in Saskatchewan and the 49 North portfolio has historically has been weighted more to mineral exploration companies than to oil and gas companies. The Corporation endeavors to diversify its portfolio based on commodity type. As described in more detail in the tables below, as of December 31, 2010, 49 North's portfolio included holdings in companies in the oil and gas, coal, precious metals, base metals, uranium, diamonds, potash and other resource sectors.

The resource equity investments held by the Corporation as of December 31, 2010 - valued at \$45,470,707 represents an \$8,329,796 increase compared to the equity investments of \$37,140,911 held at December 31, 2009. This increase is attributable to the factors discussed above under "Results of Operations" and "Significant Events".

The total number of investments held by the Corporation increased from 92 at December 31, 2009 to 109 at December 31, 2010. The Corporation continues to be very aggressive in the market making purchases of stocks it felt were undervalued. Also, the increase in the number of investments is due to the rollover into the Corporation of the 2009 Fund in first quarter 2010.

At December 31, 2010 the Company's equity investments consisted of the following:

Portfolio Holdings at December 31, 2010¹				
Name of Company²	Symbol	Shares	Fair Value	Percentage of Portfolio
Mineral Exploration:				
<i>Shares</i>				
Alix Resources Corp.	AIX	13,333	2,933	0.01%
Aguila American Resources Ltd.	AGL	323,500	131,018	0.29%
Argus Metals Corp.	AML	280,000	72,800	0.16%
Augen Gold Corp.	GLD	227,500	103,513	0.23%
Aura Silver Resources Inc.	AUU	800,000	432,000	0.95%
Aurvista Gold Corp. (private)		250,000	37,500	0.08%
Bacanora Minerals Ltd.	BCN	1,672,500	426,488	0.94%
Barkerville Gold Mines Ltd.	BGM	100,000	142,000	0.31%
Batero Gold Corp.	BAT	372,700	1,006,290	2.21%
Bending Lake Iron Group Ltd. (private)		1,400,000	1,178,570	2.59%
Blind Creek Resources Ltd. (private)		400,000	200,000	0.44%
Canada Gold Corp.	CI	75,000	12,000	0.03%
Carpathian Gold Inc.	CPN	100,000	66,000	0.15%
Cliffmont Resources Ltd.	CMO	120,000	93,600	0.21%
Colonial Coal International Corp.	CAD	225,000	344,250	0.76%

Colorado Resources Ltd.	CXO	596,000	423,160	0.93%
Copper Canyon Resources Ltd.	CPY	2,638,535	1,926,131	4.24%
Copper Reef Mines Ltd. (CNSX)		7,838,000	627,040	1.38%
Dawson Gold Corp.	DYU	1,227,500	233,225	0.51%
Diamcor Mining Inc.	DMI	142,500	39,900	0.09%
DNI Metals Inc.	DNI	5,477,733	657,328	1.45%
Eagle Plains Resources Ltd.	EPL	3,338,500	2,136,640	4.70%
Eaglecrest Exploration Inc.	EEL	166,667	60,000	0.13%
Ecuador Capital Corp. (private)		166,667	25,000	0.05%
El Nino Ventures Inc.	ELN	296,500	17,790	0.04%
El Tigre Silver Corp.	ELS	229,000	98,470	0.22%
EMC Metals Corp. (TSX)	EMC	1,052,631	394,733	0.87%
ESO Uranium Corp.	ESO	1,000,000	120,000	0.26%
Estrella Gold Corp.	EST	313,000	259,790	0.57%
Foran Mining Corp.	FOM	143,000	122,980	0.27%
Gobimin Inc.	GMN	200,000	168,000	0.37%
Goldcliff Resources Corp.	GCN	9,190,000	735,200	1.62%
GoldQuest Mining Corp.	GQC	100,000	35,000	0.08%
Goldsource Mines Inc.	GXS	70,000	55,300	0.12%
Halo Resources Ltd.	HLO	75,001	44,251	0.10%
Harmony Gold Corp.	HLO	285,714	40,000	0.09%
Hinterland Metals Inc.	HMI	200,832	35,146	0.08%
Kent Exploration Ltd.	KEX	3,845,000	499,850	1.10%
Kirrin Resources Inc.	KYM	1,671,429	225,643	0.50%
Lakota Resources Inc.	LAK	4,918,441		
Laurion Mineral Exploration Inc.	LME	1,087,665	114,205	0.25%
Nebu Resources Inc.	NBU	300,167	43,524	0.10%
Nevada Sunrise Gold Corp.	NEV	250,000	32,500	0.07%
Niogold Mining Corp.	NOX	400,000	150,000	0.33%
North Country Gold Corp.	NCG	100,000	135,000	0.30%
Northern Freegold Resources Ltd.	NFR	73,300	24,922	0.05%
NuCoal Energy Corp. (private)		2,446,770	978,708	2.15%
Playfair Mining Ltd.	PLY	1,911,500	430,088	0.95%
Portage Minerals Inc. (CNSX)	RKX	953,097	104,841	0.23%
Puget Ventures Inc.	PVS	51,667	25,317	0.06%
Red Rock Energy Inc.	RRK	3,425,500	445,315	0.98%
Rio Novo Gold Inc. (TSX)	RN	43,900	97,458	0.21%
Romios Gold Resources Inc.	RG	200,000	48,000	0.11%
Roxgold Inc.	ROG	129,666	40,845	0.09%
Salazar Resources Ltd.	SRL	135,000	175,500	0.39%
Senator Minerals Inc.	SNR	2,451,000	147,060	0.32%
Sheltered Oak Resources Corp.	OAK	2,000,000	200,000	0.44%
Shore Gold Inc. (TSX)	SGF	1,030,000	927,000	2.04%
Shoreham Resources Ltd.	SMH	15,500	5,735	0.01%
Skeena Resources Ltd.	SKE	2,187,500	218,750	0.48%
Stikine Gold Corp.	SKY	610,667	241,213	0.53%
Tanzania Minerals Corp.	TZM	300,000	219,000	0.48%
Terra Ventures Inc.	TAS	50,000	25,500	0.06%
Terrax Minerals Inc.	TXR	83,333	28,333	0.06%
Unity Energy Corp.	UTY	1,250,000	262,500	0.58%
Uranium North Resources Corp.	UNR	497,000	91,945	0.20%
Virginia Energy Resources Inc.	VAE	662,000	317,760	0.70%
Wescan Goldfields Inc.	WGF	5,931,133	563,458	1.24%
Westcore Energy Inc.	WTR	6,365,000	2,546,000	5.60%
Western Potash Corp.	WPX	50,000	116,000	0.26%
White Gold Corp. (private)		2,000,000	360,000	0.79%

Wildcat Exploration Ltd.	WEL	1,155,000	127,050	0.28%
Warrants				
Aguila American Resources Ltd. - Warrants		75,000	375	0.00%
Argus Metals Corp. - Warrants		250,000	27,500	0.06%
Aura Silver Resources Inc. - Warrants		1,100,000	319,000	0.70%
Barkerville Gold Mines Ltd. - Warrants		212,500	89,250	0.20%
Batero Gold Corp. - Warrants		170,000	299,500	0.66%
Bending Lake Iron Group Ltd. - Warrants		50,000		
Bralorne Gold Mines Ltd. - Warrants		423,000	4,230	0.01%
Canada Gold Corp. - Warrants		37,500		
Cliffmont Resources Ltd. - Warrants		60,000	22,800	0.05%
Colonial Coal International Corp. - Warrants		25,000	10,750	0.02%
Colorado Resources Ltd. - Warrants		375,000	153,750	0.34%
Copper Reef Mines Ltd. - Warrants		850,000		
Dawson Gold Corp. - Warrants		1,250,000		
Diamcor Mining Inc. - Warrants		167,500		
DNI Metals Inc. - Warrants		535,714		
Eagle Plains Resources Ltd. - Warrants		1,555,000	528,700	1.16%
El Nino Ventures Inc. - Warrants		1,250,000		
El Tigre Silver Corp. - Warrants		229,000		
ESO Uranium Corp. - Warrants		4,000,000	80,000	0.18%
Estrella Gold Corp. - Warrants		156,500		
Formation Metals Inc. - Warrants		100,000		
Goldcliff Resources Corp. - Warrants		3,000,000		
GoldQuest Mining Corp. - Warrants		200,000	30,000	0.07%
Harmony Gold Corp. - Warrants		142,857		
Hinterland Metals Inc. - Warrants		416,666	31,250	0.07%
Kent Exploration Ltd. - Warrants		250,000		
Kirrin Resources Inc. - Warrants		1,671,429		
Miocene Metals Limited - Warrants		18,796		
Nebu Resources Inc. - Warrants		283,333		
Nevada Sunrise Gold Corp. - Warrants		250,000		
Niogold Mining Corp. - Warrants		234,900		
North Country Gold Corp. - Warrants		25,000	18,750	0.04%
Otis Gold Corp. - Warrants		38,462		
Puget Ventures Inc. - Warrants		83,333	7,500	0.02%
Red Rock Energy Inc. - Warrants		850,000		
Rio Novo Gold Inc. - Warrants (TSX)	RN.WT	125,000	118,750	0.26%
Rock Tech Resources Inc. - Warrants		500,000	10,000	0.02%
Salazar Resources Ltd. - Warrants		25,000		
Sheltered Oak Resources Corp. - Warrants		500,000		
Skeena Resources Ltd. - Warrants		1,000,000		
Tanzania Minerals Corp. - Warrants		300,000	24,000	0.05%
Terrax Minerals Inc. - Warrants		41,667		
Unity Energy Corp. - Warrants		200,000		
Wescan Goldfields Inc. - Warrants		961,539		
Western Potash Corp. - Warrants		50,000	20,500	0.05%
Oil & Gas				
Shares				
Admiralty Oils Ltd. (private)		1,600,000	350,000	0.77%
Anglo Canadian Oil Corp.	ACG	500,000	187,500	0.41%
Archer Petroleum Corp.	ARK	931,777	83,860	0.18%
Deloro Resources Ltd.	DLL	1,387,500	194,250	0.43%

Kenosee Resources Ltd. (private)		8,547	44,643	0.10%
KFG Resources Ltd.	KFG	600,000	48,000	0.11%
Lex Energy Partners LP (private)		820	287,000	0.63%
Lion Energy Corp.	LEO	990,500	227,815	0.50%
Nickel Oil & Gas Corp. (private)		2,000,000	400,000	0.88%
Nordic Oil & Gas Ltd.	NOG	2,809,999	533,900	1.17%
Nuloch Resources Inc.	NLR	450,000	927,000	2.04%
Panterra Resources Corp.	PRC	1,247,000	249,400	0.55%
Petro One Energy Corp.	POP	2,840,000	1,050,800	2.31%
Prairie First Energy Inc. (private)		370,437	370,437	0.81%
Rallyemont Energy Inc. (private)		11,573,535	8,101,475	17.82%
Redwater Energy Corp.	RED	496,667	173,833	0.38%
Renegade Petroleum Ltd.	RPL	165,021	668,335	1.47%
Ruby Energy Inc. (private)		916,996	229,249	0.50%
Skywest Energy Corp.	SKW	100,000	68,000	0.15%
Titanium Corp. Inc.	TIC	226,200	420,732	0.93%
Torquay Oil Corp. Class A	TOC.A	500,000	920,000	2.02%
Torquay Oil Corp. Class B	TOC.B	45,000	281,250	0.62%
Valeura Energy Inc.	VLE	1,400,000	518,000	1.14%
Volcanic Metals Corp.	VOL	1,490,000	327,800	0.72%
Warrants				
Archer Petroleum Corp. - Warrants		77,000		
Deloro Resources Ltd. - Warrants		781,250		
KFG Resources Ltd. - Warrants		270,000		
Nordic Oil & Gas Ltd. - Warrants		1,405,000	116,317	0.26%
Panterra Resources Corp. - Warrants		117,500		
Torquay Oil Corp. - Warrants		250,000	110,000	0.24%
Other				
Shares				
Augen Capital Corp.	AUG	3,043,000	228,225	0.50%
Deep Earth Energy Productions Corp. (private)		4,000,000	400,000	0.88%
Discovery Harbour Resources Inc. (private)		100,000	10,000	0.02%
Gilead Power Corp. (private)		233,333	300,000	0.66%
Grafton Resource Investments Ltd. (private)		22,450	682,480	1.50%
Kenna Capital Corp.	MMG.P	1,000,000	200,000	0.44%
Kobex Minerals Inc.	KXM	364,000	342,160	0.75%
Lex Capital Partners Inc. (private)		1,000	700,000	1.54%
Meize Energy Industries Holdings Ltd. (private)		60,000	300,000	0.66%
Minerva Minerals Ltd.	MIL	1,292,000	64,600	0.14%
NovaDX Ventures Corp.	NDX	50,000	22,500	0.05%
Troy Energy Corp.	TEG.H	3,390,000	678,000	1.49%
Vicarage Capital Corp. (private)		12,500	383,475	0.84%
			\$ 45,470,707	

Notes:

¹ The information in the table is derived from the Company's current financial statements. See especially note 3 of the statements. See also the discussion below under the heading "Valuation of Investments"

² All investee companies are listed on the TSX Venture Exchange unless otherwise noted.

At December 31, 2010, 49 North's portfolio included positions in 109 resource companies, diversified on the basis of what, if any, stock exchange such companies are listed upon and by commodity type as summarized in the tables below:

Exchange Listings of Portfolio Holdings						
Exchange	At December 31, 2010			At December 31, 2009		
	No. of Companies	Value (\$)	% of Portfolio	No. of Companies	Value (\$)	% of Portfolio
TSX Venture	83	28,095,298	61.51%	64	11,232,545	30.24%
Private	20	15,105,587	33.73%	18	11,100,655	29.89%
TSX	3	1,537,941	3.38%	6	14,343,311	38.62%
CNQ	2	731,881	1.38%	1	464,400	1.25%
Defunct/Delisted	1	-	-%	3	-	-%
TOTAL	109	\$45,470,707	100.00%	92	\$37,140,911	100.00%

Portfolio Holding by Commodity						
	At December 31, 2010			At December 31, 2009		
	No. of Companies	Value (\$)	% of Portfolio	No. of Companies	Value (\$)	% of Portfolio
Potash	1	136,500	0.30%	1	13,073,200	35.20%
Oil & Gas	23	16,468,864	36.22%	20	5,973,520	16.08%
Coal	7	5,020,816	11.04%	4	3,603,377	9.70%
Precious Metals	42	7,943,882	17.47%	28	5,658,650	15.24%
Base Metals	12	7,824,833	17.21%	15	4,442,362	11.96%
Uranium	7	1,568,663	3.45%	9	598,183	1.61%
Diamonds	2	966,900	2.13%	2	221,325	0.60%
Diversified	2	1,382,480	3.04%			
Other	13	4,157,773	9.14%	13	3,570,295	9.61%
TOTAL	109	\$45,470,707	100.00%	92	\$37,140,911	100.00%

Resource Properties: 49 North has interests, either directly or indirectly through subsidiary companies, in coal, kimberlite, copper, granite and oil and gas properties. The Corporation's investments in resource properties target undervalued, over-looked or orphaned assets with potential for growth through exploration, development and/or commercialization activities. The Corporation's current focus is on early stage opportunities located in western Canada. However, there are no fixed restrictions on the stage of development, geographic location or sector of the resource industry respecting properties in which 49 North may invest. A significant portion of the Corporation's available funds may at any time or from time to time be invested in resource properties prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information. Accordingly, the Corporation may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas. Despite the risks, the potential returns on investments in early stage properties that are subsequently proved up may be greater.

Geological Consulting Services: 49 North's 50% owned subsidiary, North Rim Exploration Ltd., is Saskatchewan's premier independent geological consulting company specializing in the field of subsurface geology pertaining to petroleum, potash and industrial mineral resources. North Rim Exploration Ltd. provides consulting services to petroleum and mineral resource exploration and development companies, engineering firms and First Nations.

Valuation of Assets:

At December 31, 2010, the Corporation's assets included equity investments having a fair value of \$45,470,707, representing approximately 60% of the Company's total assets. These equity investments are classified as financial instruments held-for-trading and, in accordance with GAAP, are presented in the financial statements and measured at fair value, with changes in fair value recognized in net income. For this purpose, the fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Corporation has immediate access. Where bid and ask prices are unavailable, the Corporation uses the closing price of the most recent transaction for that instrument. The fair value of securities in the Corporation's investment portfolio as at the end of a period are determined as follows:

Publicly traded companies. The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price. The quoted bid price value of securities that are subject to a hold period will be valued with an appropriate discount. The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Corporation could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

Privately held companies. The fair value of any shares which are not listed or traded upon a stock exchange are originally recorded at cost, unless the shares are flow-through shares, in which case they are originally recorded either on an assessment of the most recent price at which the investee company issued common equity without flow-through characteristics or at managements estimated fair value. After the initial transaction, adjustments are made to reflect any changes in value as a result of an independent third party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments.

Warrants. Warrants are valued at nil during the period in which they are not exercisable and valued based on either quoted market values if traded or the amount by which the warrant is in the money when they become exercisable. A warrant is in the money when the stock price is greater than the exercise price of the warrant.

Any difference between the estimated fair value and the cost of the investments is treated as unrealized gains or losses in the statement of operations.

Net Asset Values:

Until June of 2008 49 North was classified by securities legislation as an "investment fund" and its financial statements were presented in accordance with GAAP applicable to investment funds, which varies from the manner in which GAAP requires financial statements to be prepared for corporations that are not investment funds. Amongst other things, the financial statements of investment funds include a statement of the fund's investment portfolio and a calculation of the fund's net asset value ("NAV") and NAV per security. Under GAAP applicable to corporations that are not investment funds, 49 North's financial statements no longer include a statement of portfolio investments (although this information is included in note 3 of the Company's current statements) nor a calculation of the Company's NAV or NAV per share. Additionally, investment funds are required by securities legislation to publish their NAV and NAV per security on a quarterly or more frequent basis. The NAV and NAV per security, as historically published by 49 North when it was an investment fund ("Published NAV"), like that published by investment funds generally, varied from the NAV and NAV per security that is included in, or derived from, its financial statements. In particular, as mentioned above, under GAAP, the fair value of securities which are listed or traded upon a stock exchange, and the resulting calculation of NAV and NAV per security ("GAAP NAV"), are normally estimated by taking the latest bid prices for the securities. The Published NAV and NAV per security of an investment fund, on the other hand, normally estimates the fair value of publicly traded securities as of any particular date based on the closing price of such security on that date, unless the security did not trade, in which case it is valued at the average of the bid and ask price on that date; which was the general standard of measurement prior to the adoption, effective January 1, 2007, of new accounting standards issued by the Canadian Institute of Chartered Accountants ("CICA"): Handbook Section 3855, Financial Instruments – Recognition and Measurement.

See also the discussion in this MD&A under the heading “Non-GAAP Measures”.

Since 49 North has ceased to be an investment fund, it is no longer required by securities legislation to publish its NAV or NAV per share. However, because the management fees and, if applicable, performance bonuses, paid by the Corporation to TMM Portfolio Management Inc. (“TMM” or “Portfolio Manager”) are based on Published NAV, the Corporation continues to calculate its NAV and NAV per common share on a quarterly basis. The following table reconciles 49 North’s Published NAV to its GAAP NAV as of December 31, 2010.

	Published NAV	GAAP NAV	Difference
Assets	\$76,664,942	\$75,928,764	\$736,178
Liabilities and Minority Interest	\$23,792,688	\$23,792,688	-
Shareholder Equity (or Net Asset Value)	\$52,872,254	\$52,136,076	\$736,178
Common shares outstanding	12,298,483	12,298,483	-
Net Asset value per common share, basic	\$4.30	\$4.24	\$0.06
Net Asset value per common share, diluted	\$4.00	\$3.94	\$0.06

Liabilities:

At December 31, 2010 the Corporation had recorded liabilities of \$21,615,934 (December 31, 2009, \$10,893,372). These liabilities include the following:

- Accounts payable and accrued liabilities of \$3,979,528 consisting of accruals for normal operating expenses, professional fees and interest payable on convertible debentures;
- Current and future income taxes payable of \$5,137,083;
- Management fees payable of \$116,624;
- \$8,581,076 representing the redemption price (less the equity component) as at the end of the current period on the aggregate principal amount of the convertible debentures issued in July 2008 and September 2010. Refer to note 11 of the current financial statements for a detailed description of the terms of these debentures;
- \$541,303 promissory notes related to purchase of North Rim and Kimpar;
- \$168,747 of asset retirement obligations related to the oil and gas properties; and,
- \$3,091,573 of loans payable to various creditors.

Commitments:

At December 31, 2010 the Corporation had the following capital commitments:

- The Corporation has committed \$533,000 for an additional investment in Lex Energy Partners LP and \$300,000 for an additional investment in Lex Capital Partners LP.
- The Corporation, through its subsidiary Kimpar, is committed to conduct exploration work representing capital expenditures in the amount of \$2,900,000, in total, over the next four years. Kimpar has minimum annual statutory obligations of \$13,052 and annual minimum work commitments of \$173,933, in order to keeps its various claims in good standing.

Liquidity and Capital Management:

Management's objectives when managing the Corporation's capital are to:

- (a) ensure that the Corporation maintains the level of capital necessary to meet the requirements of its brokers and bank;
- (b) allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
- (c) give shareholders sustained growth in shareholder value by increasing shareholders' equity; and
- (d) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. Traditionally, 49 North has relied on various sources of funds for its ongoing operational and investing activities, including:

- (a) proceeds from the disposition of its investments (and, in the current year, interest and dividend income from investments);
- (b) utilizing leverage in the form of margin (due from brokers) and the Company's bank credit line;
- (c) capital raising activities such as equity or convertible debt financings;
- (d) borrowing funds from the Company's bank, brokers (margin account) and/or related parties; and
- (e) purchasing the Company's own shares for cancellation pursuant to normal course issuer bids.

49 North is not subject to any capital requirements imposed by a regulator. Cash operating expenses in 2010 were approximately \$7,747,403. Management acknowledges that the Corporation's cash operating expenses, excluding interest payments, have increase substantially due to the purchase of North Rim, Allstar, Kimpar and consolidation of Newsk Emerging Resources Inc.

Management anticipates that the Corporation's current capital resources will be sufficient to discharge its liabilities over the course of 2011 and that it will be able to generate sufficient cash to fund its operations through the normal course of purchasing and selling existing investments. In addition, the Corporation generates cash through its direct working interest in the wells of its subsidiary Allstar as well as interest and royalty income from resource properties and consulting services through North Rim.

During 2010, 49 North reduced its reliance on margin borrowing as part of its ongoing capital management program and management expects to maintain a minimal margin borrowing balance in the near term future. The current cash balance is \$1,526,415 compared to bank indebtedness of \$2,023,078 at December 31, 2009.

See also the discussion herein concerning financial instruments and related risks under the heading "Financial Instruments" and see the disclosure herein under the heading "Risk Factors" for a detailed discussion of the main risk factors that may have a material effect on the Corporation's business and on an investment in the securities of 49 North.

Transactions with Related Parties:

During the year ended December 31, 2010, management fees of \$951,333 (2009 - \$528,063) and reimbursements of \$252,959 (2009 - \$105,211) were incurred or accrued to TMM Portfolio Management Inc. ("TMM") and 1381613 Alberta Ltd., companies controlled by the CEO of the Corporation. These transactions are in the normal course of operations and are measured at the exchange amount and is the amount of consideration established and agreed to by the related parties.

TMM is responsible for the management of the Corporation's investment portfolio in accordance with the terms of a portfolio management agreement made January 1, 2008 (the "Management Agreement") and is to be reimbursed by the Corporation for all expenses reasonably and properly incurred in conducting the Corporation's business and in performing its duties and obligations under the Management Agreement.

Additionally, pursuant to the Management Agreement, TMM: (a) is entitled to a quarterly management fee equal to 0.5% of the net asset value of the Corporation calculated as of the last business day of the relevant fiscal quarter; and (b) starting with the Corporation's fiscal year ended December 31, 2008, may be entitled to an annual performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends per common share during that fiscal year, exceeds the greater of \$16.34 and the net asset value per common share as of the last business day of the preceding fiscal year. During fiscal 2010, no performance bonus was incurred.

During the year, the Corporation sold an initial 50% interest in its Manitoba coal permits and pending permits to Westcore, a related party, in exchange for 1,000,000 common shares of Westcore, with a transaction date fair value of \$340,000 and an unsecured demand promissory note in the amount of \$256,825 (see Note 5 of the audited Financial Statements). As a result of this transaction, the Corporation realized a gain of \$442,939. Westcore is related by virtue of the ownership position held in Westcore by the Corporation. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Corporation has two working interest arrangements with its oil and gas subsidiary, Allstar. In accordance with the first agreement, which covers 5 wells, the Corporation committed to funding 90% of the drilling costs in exchange for 63% of the net production from the wells. In accordance with the second agreement, which covers an additional five wells, the Corporation committed to funding 72.61% of the drilling costs in exchange for 50.11% of the net production from the wells. In the year, the corporation advanced \$5,064,204 under these working interest agreements and recorded net income from the wells of \$298,021. Included in accounts payable is \$922,554 related to the funding of the working interest arrangement.

During 2009, 49 North 2009 Resource Flow-Through Limited Partnership (the "2009 Fund"), a related party, raised \$8,328,800 on the issuance of 832,880 limited partnership units (the "2009 Units") in an initial public offering. Prior to December 31, 2009, the 2009 Fund invested a substantially equal amount in a portfolio of flow-through shares. Effective February 1, 2010, the 2009 fund transferred substantially all of its assets – valued at \$7,572,149 on a tax deferred "roll-over" basis to the Corporation in exchange for 4,351,810 common shares of the Corporation. Following these transfers, the 2009 Fund was wound-up and dissolved and these 4,351,810 common shares of the Corporation were distributed amongst the (former) partners of the 2009 Fund. As a result, each (former) limited partner of the 2009 Fund received approximately 5.224 shares of the Corporation for each 2009 Unit they previously held. The transaction resulted in the number of outstanding common shares of the corporation increasing to 12,754,883 immediately after the transaction.

Critical Accounting Estimates:

The Corporation's financial statements have been prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of appreciation (depreciation) of investments and expenses during the reporting period. Actual results could differ from these estimates. The significant accounting policies used by the Corporation in this regard are discussed in detail in the notes to the 2010 annual audited financial statements. See especially note 2.

Non-GAAP Measures:

This MD&A contains references to "net asset value" and "net asset value per share" (or "net asset value per Unit"). Net asset value, or "NAV", is a non-GAAP measure defined as total shareholders' equity divided by the total number of common shares of the Corporation outstanding, in the case of NAV per share (basic), and total shareholders' equity divided by the total number of common shares of the Corporation outstanding, calculated based on the assumption that all outstanding securities that are convertible into common shares of the Corporation, including, if applicable, convertible preferred shares, convertible debentures, options or warrants of the Corporation have been exercised, in the case of NAV per share (diluted). The terms net asset value and net asset value per share do not have any standardized meaning according to GAAP and therefore may not be comparable to similar measures presented by other companies. From its inception in 2005 until ceasing to be an "investment fund" for the purposes of applicable securities legislation, in June of 2008, the Corporation published its NAV in a consistent manner, and continues to calculate (and may occasionally publish) its NAV and/or NAV per share for the purpose of calculating management fees and, if applicable, any performance bonus payable to TMM pursuant to the Management Agreement. See also the discussion in this MD&A under the headings "Valuation of Investments" and "Net Asset Values".

Financial Statement Presentation and Change of Accounting Policies:

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Corporation's first financial statements presented in accordance with IFRS will therefore be the year ended December 31, 2011, including all quarterly financial statements in fiscal 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. As the International Accounting Standards Board ("IASB") will continue to issue new accounting standards during the conversion period, the final impact of IFRS on the Corporation's financial statements will only be measureable once all applicable IFRS standards are known.

As a result of this convergence, the Corporation has developed a plan to convert its financial statements to IFRS, including the engagement of independent consultants. The Corporation is currently in the planning and enabling phase of the conversion, which includes preparing and identifying the differences between existing Canadian GAAP and IFRS, potential business impacts, personnel and technology resource requirements and staff training. Over the next three months, the Corporation will continue to review and assess the implications of the conversion. The conversion to IFRS is a significant initiative for the Corporation, for which substantial resources are being dedicated to ensure a timely and proper implementation.

The initial analysis of IFRS in comparison to Canadian GAAP ("CGAAP") has identified a number of differences. It is management's belief that the impact of these differences individually may have a material impact on the reported results and financial position. The Corporation expects that the majority of the adjustments required to move to IFRS will be made retroactively against opening retained earnings and shown on the opening comparative consolidated balance sheet. Management has currently not quantified the impact of adopting IFRS.

In the year of adoption, the Corporation must apply IFRS 1 to the transition. IFRS 1 mandates certain exemptions for retroactive application and provides exceptive relief from some retroactive application to ease the transition to IFRS. While management is still determining the full effects of adopting IFRS, the following IFRS 1 exemptions have been identified as having the greatest potential impact on the Corporation's accounting policies:

- Fair value as deemed cost – the Corporation expects to measure its property, plant and equipment, upon transition, at its historical cost determined under CGAAP instead of at its fair value.
- Decommissioning liabilities – the Corporation expects to measure its decommissioning liability in accordance with IFRIC 1 prospectively at the date of transition to IFRS, rather than recalculating the effect of all changes throughout the life of the liability.
- Business combinations – the Corporation expects to adopt IFRS for business combinations on a prospective basis, rather than restating all business combinations that occurred before the transition date.
- Share-based payments – it is expected that the Corporation will elect not to apply IFRS 2 to equity instruments which vested or settled before the Corporation’s date of transition to IFRS.

Management’s preliminary assessment of the impact of adopting IFRS has also identified the following areas as having a significant potential impact on the Corporation’s accounting policies:

- Asset impairment – asset impairment under CGAAP is tested for and measured by comparing the asset’s carrying value to the undiscounted cash flows on a cost center level. Under IFRS, asset impairment is determined by comparing the asset’s carrying value with the higher of its fair value less cost to sell, using either an active market or, when not available, discounted cash flows on a cash generating unit level. This may result in more frequent write-downs in the carrying amounts of assets under IFRS. Also, under IFRS, prior impairment losses can be reversed where circumstances dictate, while under CGAAP impairment write downs cannot be reversed.
- Exploration and evaluation expenditures – the Corporation must follow IFRS 6 for both its oil & gas and mining assets. There are several similarities between IFRS and CGAAP with respect to the extractive industry, however, IFRS requires the separation of exploration and evaluation expenditures from developing and producing assets.
- Gains and losses under CGAAP are not recognized upon the disposition of assets unless the disposition results in a significant change in the depletion rate. Under IFRS, gains and losses are recognized in net income on the disposal of an asset. The amount of gain or loss is determined by comparing the proceeds from disposal with the carrying amount of the item. This includes non-monetary transaction such as farm-outs and asset swaps.
- Property, plant and equipment – IFRS and CGAAP contain the same basic accounting principles, however under IFRS costs are required to be allocated to the significant parts of the asset and to amortize each significant component separately. This is a difference from CGAAP.
- Decommissioning liabilities – under IFRS, decommissioning and restoration liabilities are recognized for both legal and constructive obligations, while under CGAAP only legal obligations are recognized.
- Borrowing costs – under IFRS, companies must capitalize borrowing costs that are directly attributable to the acquisition, construction, or production of an asset as part of the cost of that asset, unless the asset is measured at its fair value. This is allowed but not required under CGAAP.
- Share based payments – stock options and warrants granted to non-employees must be measured at the fair value of the goods or services received. Under CGAAP, these transactions are measured at the fair value of the options or warrants granted or liability incurred, whichever is more reliably measurable. As well, under IFRS, stock option forfeiture rates must be estimated, while under CGAAP, forfeitures can be recognized at the time they occur.

Financial Instruments:

The investment operations of Corporation’s business involve the purchase and sale of securities and, accordingly, the majority of the Corporation’s assets are currently comprised of financial instruments. The use of financial instruments can expose the Corporation to several risks, including liquidity, market, interest, credit risk and commodity price risks. A discussion of the Corporation’s use of financial instruments and their associated risks is provided below.

Liquidity Risk:

Liquidity risk is the risk that the Corporation will have insufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions generally or related to matters specific to the Corporation, or if the value of the Corporation's investments declines, resulting in losses upon disposition. The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. The Corporation has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

The Corporation has the ability to use financial leverage (or "margin") when purchasing investments. Trading on margin allows the Corporation to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Corporation to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Corporation's positions and the Corporation's investments decline in value, the Corporation may be required to provide additional funds to its brokers. Given the nature of the Corporation's business, the Corporation may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Corporation's obligations.

The Corporation has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Corporation's investments in order to meet margin calls could have a materially adverse impact on the Corporation's operating results.

The Corporation manages liquidity risk by reviewing the amount of margin available, and managing its cash flow. The Corporation holds investments which can be converted into cash when required. During the year, the Corporation reduced its reliance on margin to more historical normal levels and management expects to maintain a minimal margin borrowing balance in the near term future.

Market Risk:

Market risk is the risk that the fair value of, or future cash flows from, the Corporation's financial instruments will significantly fluctuate because of changes in market prices. The value of the financial instruments can be affected by changes in interest rates, equity and commodity prices. The Corporation is exposed to market risk in trading its investments and unfavorable market conditions could result in dispositions of investments at less than favorable prices.

The Corporation manages market risk by having a portfolio which is not singularly exposed to any one issuer or class of issuers. The Corporation's investment activities are currently concentrated primarily across several sectors in the natural resource industry, including potash, oil and gas, coal, precious metals, base metals, uranium, diamonds and other commodities.

Interest Rate Risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at December 31, 2010, the Corporation had liabilities payable (collectively "interest risk liabilities"), which bear interest at rates fluctuating with the prime rate. All of the interest risk liabilities can be repaid by the Corporation at any time, without notice or penalty, which provides the Corporation with some ability to manage and mitigate its interest rate risk.

Credit Risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Corporation is exposed to the risk that third parties that owe it money or securities (in connection with its loans receivable, for example) will not perform their underlying obligations.

At December 31, 2010 the Company had loans and advances receivable from third parties, totaling \$6,378,921 which represents approximately 8.43% of the Company's total assets.

Commodity Price Risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for base metals, precious metals and petroleum and natural gas are impacted not only by the relationship between the Canadian and United States dollar, but also by world economic events that dictate the levels of supply and demand. The Corporation may, from time to time, enter into forward contract for commodity prices to manage this risk.

Fair Value:

The fair value of the Corporation's financial assets and liabilities approximate their carrying values unless otherwise disclosed in the accounting policies.

Disclosure Controls and Procedures:

There have been no significant changes to the Company's internal controls over financial reporting for the most recent period that would have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. Internal controls are continually being reviewed and assessed.

Risk Factors:

An investment in 49 North involves various risks. The following is a brief discussion of the main risk factors that may have a material effect on the Corporation's business and on your investment in 49 North common shares. Additional risks not currently known or that are deemed immaterial may also impair 49 North's business operations.

Reliance on Management:

Shareholders must rely on the discretion, knowledge and expertise of management of the Corporation and the Portfolio Manager in determining the composition of the Corporation's investment portfolio, negotiating the pricing of resource securities purchased for or sold from the portfolio and in determining if, when and on what terms to acquire or dispose of portfolio securities.

Risks Associated with Resource Issuers:

In general, the Corporation's business is to invest in resource issuers, with such investments made predominantly in junior or intermediate resource issuers. There is no assurance that any of the resource issuers in which 49 North invests will prove to be profitable or viable over the short or long term. Resource industries are highly competitive and resource issuers in which 49 North invests must compete with many companies, many of which have far greater financial strength, experience and technical resources. Generally, there is intense competition for the acquisition of resource properties considered to have commercial potential as well as for equipment and personnel necessary to exploit such properties. The business activities of the resource issuers that 49 North invests in are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the resource issuers, which may ultimately have an impact on the Corporation's investments in such issuers' securities and/or on an investor's investment in 49 North.

Furthermore, as the Corporation holds some resource properties directly, the Corporation faces some of these risks directly as well as through its exposure from investments in issuers facing these risks. Other risks associated with the resource sector include, without limitation, the following:

(a) The business of exploring for minerals and/or oil and gas involves a high degree of risk, many of which risks are beyond the control of the relevant resource issuer. Many of the resource issuers that 49 North invests in may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas and/or may not have a history of earnings or payment of dividends.

(b) The marketability of natural resources which may be acquired or discovered by a resource issuer will be affected by numerous factors which are beyond the control of such resource issuer. These factors include market fluctuations in the price of minerals, petroleum and/or natural gas, as applicable, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in a resource issuer not receiving an adequate return for its shareholders.

(c) There are certain risks inherent in the mineral exploration, mining and oil and gas industries, including potential claims arising from operational activities, which may or may not be insurable, or against which a resource issuer may elect not to insure. Such liabilities may have a material, adverse effect on such resource issuer's financial position and on the value of the securities of such resource issuer held as part of the Corporation's investment portfolio.

(d) Mining and oil and gas operations and the resource industries in general are subject to extensive controls and regulations imposed by various levels of government. In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of resource production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalty's payable generally depends in part on prescribed reference prices, productivity, geographical location, discovery date and the type or quality of the commodity produced. Operations may be effected from time to time in varying degrees due to political and environmental developments such as tax increases, expropriation of property and changes in conditions under which resources may be developed, produced, generated and/or exported. Additionally, a resource issuer may have property interests that are located in foreign jurisdictions, and its operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its property holdings. Although a resource issuer's activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer.

(e) The mineral exploration, mining and oil and gas industries are subject to various environmental regulations set by federal and provincial governments. Environmental legislation prescribes restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain mining and oil and natural gas operations. Such legislation also prescribes certain requirements for the abandonment and reclamation of mines, wells and other facility sites. A breach of such legislation may result in the imposition on a resource issuer of fines and penalties and/or liability to third parties and may require a resource issuer to incur costs to remedy such breach. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has led to stricter standards and enforcement and greater fines and penalties for non-compliance. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the resource issuer's financial condition, results of operations or prospects.

Marketability of Underlying Securities and Related Risks:

The value of the Corporation's shares fluctuates as a result of numerous factors, including fluctuations resulting from changes in the value of the securities in the Corporation's investment portfolio. The value of securities in 49 North's portfolio is affected by numerous factors such as investor demand, resale restrictions, general market trends or regulatory restrictions. The Corporation's investment portfolio generally focuses on junior and intermediate resource companies, with investments made predominantly in resource companies that are listed on the TSXV. However, 49 North may invest in securities of any resource company regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee company's exploration, development or other business activities, and regardless of the size or market capitalization of the investee company. A significant portion of the Corporation's portfolio may at any time be comprised of unlisted securities, including securities acquired under private placements of what are commonly referred to as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the TSX. These risks include, without limitation, the following:

(a) The share price of smaller companies is usually more volatile than that of larger, more established companies. Smaller companies may have limited resources, including limited access to funds, and their shares may trade less frequently and in smaller volume than shares of larger companies. They may have fewer shares outstanding, so a sale or purchase of shares will have a greater impact on the share price. The value of these investments may rise and fall substantially.

(b) In general, investments in smaller companies tend to be less liquid than other types of investments. Investments in illiquid securities may be difficult to value accurately and/or may trade at prices significantly lower than their value. In general, the less liquid an investment, the more its market value tends to fluctuate. As a result, the Corporation may have difficulty in converting some of its portfolio investments to cash at a fair market price when funds are required or may incur additional costs in doing so.

(c) The securities of non-reporting issuers that the Corporation holds may not be sold unless an exemption is available under applicable securities laws.

More generally, many of the securities held in the investment portfolio, regardless of the industry sector in which the issuer conducts business and including those listed and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale.

On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater than the returns experienced from investment in larger, more established companies.

Conflicts of Interest:

Each director and officer of the Corporation also is or has been a director and/or officer of the general partners of one or more of the 49 North Flow-Through Funds¹; the Portfolio Manager, TMM, has also been the portfolio manager of each 49 North Flow-Through Funds. Mr. Tom MacNeill, the President and Chief Executive Officer and a director of the Corporation, is also the President, sole director and sole shareholder of TMM. Potential conflicts of interest may arise or be perceived between the officers and directors of the Corporation, and especially Mr. MacNeill, acting on the one hand in their capacity as an officer and/or director of the Corporation and, on the other hand, as an officer, director and/or shareholder of the general partner of a 49 North Flow-Through Fund and, in the case of Mr. MacNeill, as an officer, director and shareholder of TMM, and potential conflicts of interest may arise or be perceived between the Corporation and other funds or entities, outside of the 49 North Group¹, of which the directors and officers of the Corporation may also be directors, officers, or otherwise involved. Investors must appreciate that they are relying on the expertise, good faith and integrity of the officers and directors of the Corporation and the Portfolio Manager, and especially on the expertise, good faith and integrity of Mr. Tom MacNeill, for the success of their investment in the shares of the Corporation. Persons who are unwilling to accept this risk should not invest in 49 North's securities. More generally, the services of the officers and directors of the Corporation and of TMM are not exclusive to the Corporation. The officers and directors of the Corporation and their affiliates may engage in activities for their own account which competes with the Corporation. Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with securities and companies in which the Corporation and/or the officers and directors of the Corporation and/or their affiliates invest. Conflicts of interest may also arise in the enforcement of the terms and conditions of the Management Agreement and other agreements to which the Corporation is now or may in the future become a party, whether such agreements are being enforced by or against the Corporation.

Market for Shares and Net Asset Value:

As an investment fund, and in accordance with securities legislation applicable to investment funds, 49 North calculated and published its net asset value and net asset value per share on a regular basis. Although since ceasing to be an investment fund the Corporation is no longer required to do so, we continue to calculate (and may publish) our net asset value and net asset value per share from time to time. However, the Corporation's shares are not redeemable by shareholders. Rather, a person desiring to buy or sell our common shares may do so through the facilities of the TSXV by contacting his or her broker or investment advisor. The prices at which 49 North common shares are traded are generally established through the "bid" and "ask" mechanisms of the Exchange and will typically be something less (but may be more) than the net asset value of the shares.

Future Roll-over Transactions:

49 North has been involved in the establishment of new 49 North Flow-Through Funds, on an annual or more frequent basis, in each year from 2006 to 2010; and each of the 49 North Flow-Through Funds that has been established to date has subsequently completed a transaction (herein referred to as a "Roll-over Transaction") with 49 North pursuant to which the flow-through units acquired in the Flow-Through Fund's own offering were subsequently exchanged for common shares of 49 North (or, prior to the January 2008 Conversion Transaction, for Units of the Former Partnership). Each of these prior Roll-over Transactions has been completed in February of the year following the year that the respective Funds completed their own offerings of flow-through units, with this timing designed, in part, to allow individual investors who so choose to contribute the securities they acquire in 49 North through the Roll-over Transaction to a self-directed RRSP by the end of February deadline for making contributions that may be claimed in the preceding year. No new 49 North Flow-Through Funds are anticipated to be established in the future.

¹ 49 North has been involved in the establishment of "flow-through limited partnerships" on an annual, or more frequent basis, in each year from 2006 to 2009 inclusive, including, without limitation, the 2007 Fund, 2008-I Fund, 2008-II Fund and 2009 Fund, as discussed above herein under "Significant Events". These flow-through funds are sometimes referred to herein, collectively, as the "49 North Flow-Through Funds" and, individually, as a "49 North Flow-Through Fund" and such Funds, together with the Company, are sometimes referred to herein collectively as the "49 North Group".

Concentration Risk:

The Corporation invests predominantly in securities of junior and intermediate resource companies engaged in mineral or oil and gas exploration in Canada, with a focus on resource companies with exploration programs in Saskatchewan. Concentrating investments in the resource sector in this manner may result in the value of 49 North's shares fluctuating to a greater degree than if the Corporation invested in a broader spectrum of issuers or a broader geographical area.

Reliance on Key Persons for Advisory Services:

The Corporation's performance providing advisory services in merchant banking and geological consulting is strongly correlated to the performance of certain key individuals, and, accordingly, the retention of these individuals is crucial to the Corporation's revenue from these business segments. Certain of the key individuals have entered into employment agreements or services agreements, however, there is no guarantee that these individuals will not resign or otherwise terminate their agreements.

Reduced Revenues from Advisory Services During Periods of Declining Resource Prices:

The Corporation's revenues from providing advisory services in merchant banking and geological consulting are likely to be lower during a period of declining natural resource markets and commodity prices. The Corporation's advisory services are particularly dependant on companies in the natural resource sector and as a result a prolonged period of declining natural resource prices could cause a reduction in fee revenue from advisory services.

Segmented Information:

The Corporation has three reportable segments –resource investment, geological advisory and extractive industries.

Outstanding Share Data:

The Corporation is authorized to issue an unlimited number of common shares; an unlimited number of first preferred shares, issuable in series; and an unlimited number of second preferred shares, issuable in series. A detailed description of the rights, privileges, restrictions and conditions attached to the authorized shares of the Corporation is included in the Company's annual information form for the year ended December 31, 2009, a copy of which may be found on SEDAR at www.sedar.com. No series of first preferred or second preferred shares exist and, as at the date of this MD&A, no first preferred or second preferred shares are outstanding.

As of March 15, 2011, the number of common shares of the Corporation outstanding, or reserved for issue under convertible securities, is as follows:

Common Shares	Number
Outstanding ¹	14,969,905
Issuable upon conversion of warrants ²	3,942,041
Issuable upon conversion of convertible debentures ³	969,080
Issuable under options ⁴	630,000
Issuable upon conversion of broker warrants ⁵	312,992
Total diluted common shares	20,824,018
Notes:	
1. Takes into account the common shares that have been purchased by the Company pursuant to the 2009 and 2008 NCIB that are to be cancelled. See discussion herein under "Significant Events – Normal Course	

Issuer Bids⁷.

2. Please refer to note 16 in the December 31 financial statements.
3. Assumes all \$5,000,000 principal amount of convertible debentures issued in July 2008 are converted into common shares at the conversion price of \$12.50 per share. This further assumes that all 4,690,800 principal amount of convertible debentures issued in September 2010 are converted into common shares at the conversion price of \$4.50 per share. See the discussion in the Annual Information Form for the fiscal year ended December 31st, 2009 “General Development of the Business – Three Year History – Convertible Debentures” which can be found on the SEDAR website at www.sedar.com.
4. Effective December 31, 2010, there were 630,000 common shares issuable under options.
5. Please refer to note 16 in the December 31 financial statements.

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A constitutes forward-looking information, which is information regarding possible events, conditions or results of operations of the Corporation that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, the Corporation’s expectations regarding anticipated investment activities and results and financing activities, the impact of changes in accounting policies and other factors on the Corporation’s operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance, market fluctuations, fluctuations in prices of commodities underlying the Company’s interests and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company’s portfolio investments are located and other risks discussed elsewhere in this MD&A and/or the Company’s current annual information form and other public disclosure documents filed with Canadian securities regulatory authorities and available at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Corporation has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A is provided as of the date hereof and the Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Additional Information:

Additional information about 49 North, including its annual information form for the Corporation’s most recently completed financial year, is available under the Corporation’s profile on SEDAR at www.sedar.com.