ANNUAL INFORMATION FORM
For the Fiscal Year ended December 31, 2010

April 28, 2011

DATE OF INFORMATION

Except where otherwise indicated, all information in this annual information form is given as of December 31, 2010, being the last day of our most recently completed financial year.

EXPLANATORY NOTE CONCERNING THE ISSUER AND THE 49 NORTH GROUP

Effective January 1, 2008, we undertook a series of transactions which are collectively referred to in this annual information form as the "January 2008 Conversion Transaction" or the "Conversion Transaction". Amongst other things, as part of this January 2008 Conversion Transaction: (a) we converted from a limited partnership structure under the name 49 North Resource Fund Limited Partnership to a corporate structure under the name 49 North Resource Fund Inc.; and (b) all of the limited partnership units of 49 North Resource Fund Limited Partnership that were outstanding immediately prior to the Conversion Transaction were consolidated on a one for two basis into, and exchanged for, common shares in the capital stock of 49 North Resource Fund Inc. On January 2, 2008, the common shares that were issued as part of the Conversion Transaction were listed for trading on the TSX Venture Exchange under the trading symbol FNR, in substitution for the previously listed limited partnership units of 49 North Resource Fund Limited Partnership which units, prior to the Conversion Transaction, had traded on the TSX Venture Exchange under the symbol FNR.UN and which were cancelled as a result of the Conversion Transaction. Effective August 14, 2009 the corporate name was change from "49 North Resource Fund Inc." to "49 North Resources Inc."

Unless the context otherwise indicates, when used in this annual information form:

"AcquisitionCo" means 101110207 Saskatchewan Ltd., a corporation incorporated under the laws of Saskatchewan in October 2007 to facilitate the Conversion Transaction, and which, as part of the Conversion Transaction, acquired substantially all of the assets of the Former Partnership and then amalgamated with the General Partner to form the Corporation.

"Corporation" means 49 North Resources Inc. (formerly 49 North Resource Fund Inc.), from and after January 1, 2008.

"Partnership" or "Former Partnership", means 49 North Resource Fund Limited Partnership, a limited partnership that existed under the laws of Saskatchewan from July 20, 2005 until it was wound-up and dissolved effective January 1, 2008 as part of the Conversion Transaction.

"49 North", "Issuer" and "FNR", together with personal pronouns such as "we", "us" or "our", when used with reference to the period from and after January 1, 2008, mean the Corporation and, when used with reference to the period prior to January 1, 2008, mean the Former Partnership.

"General Partner" means the corporation which, under the name 49 North Resource Fund Inc., but prior to its amalgamation with AcquisitionCo as part of the Conversion Transaction, was the general partner of the Partnership.

"Limited Partner" means a person who was as a limited partner in the Former Partnership.

The terms "Board", "director" and "officer", respectively, when used with reference to the Issuer during the period from and after January 1, 2008, mean the board of directors, a director or an officer, as applicable, of the Corporation and, when used with reference to the period prior to January 1, 2008, mean the board of directors, a director or an officer, as applicable, of the General Partner.

The term "shares" and "units", when used with reference to the Issuer, mean, respectively, common shares (or where indicated preferred shares) in the capital of the Corporation or limited partnership units in the Former Partnership.

"49 North Flow-Through Funds" means, collectively, the "2006 Fund", the "2007 Fund", the "2008-I Fund", the "2008-II Fund", the "2009 Fund" and the "2010 Fund", as more particularly described and defined in Item 2 of this annual information form, "General Development of the Business - Three Year History - Roll-over Transactions with

49 North Flow-Through Funds" together with similar flow-through partnerships that may be created in the future, and "49 North Flow-Through Fund" means any one of such 49 North Flow-Through Funds.

"49 North Group" means, collectively, the Issuer and the 49 North Flow-Through Funds.

GLOSSARY OF TERMS

In addition to the terms used to describe the Issuer and other members of the 49 North Group discussed in the above explanatory note and certain terms defined elsewhere in this annual information form, as used herein, unless the context indicates otherwise, the following terms have the following meanings:

"Fekete" means Fekete Associates Inc.

"flow-through partnership" or "flow-through fund" is meant as a reference to an investment fund (whether or not a member of the 49 North Group) such as a limited partnership or other entity that invests in flow-through shares of resource issuers with the intent that, subject to the Tax Act and/or Canadian provincial or territorial legislation, the holders of the securities of the flow-through fund (such securities being sometimes referred to herein as "flow-through units") will be able to claim deductions and/or, in certain cases, Investment Tax Credits, in computing their taxable income as a result of CEE renounced to the fund by such resource issuers.

"Investment Tax Credits" or "ITCs" means non-refundable investment tax credits as described in paragraph (a.2) of the definition of "investment tax credits" in subsection 127(9) of the Tax Act in respect of certain surface grass-roots mining exploration expenses, or similar provincial or territorial tax credits or benefits under the taxation or other legislation of a Canadian province or territory.

"Portfolio Management Agreement" means the portfolio management agreement made January 1, 2008 between the Issuer and TMM, as discussed herein in greater detail under Item 10, "Management - The Portfolio Manager".

"reporting issuer" means an issuer that is a "reporting issuer" under and as defined in the securities legislation of any Canadian province or territory or that has a status under the securities legislation of any Canadian province or territory substantially similar to that of a reporting issuer.

"Roll-over Transaction" means a transaction between a 49 North Flow-Through Fund and the Issuer whereby the 49 North Flow-Through Fund transfers its assets to, and in exchange for securities of, the Issuer, following which the 49 North Flow-Through Fund is then was wound-up and dissolved and the securities of the Issuer received in the transaction by the 49 North Flow-Through Fund are distributed to the 49 North Flow-Through Fund's (former) partners.

"SBCA" means *The Business Corporations Act* (Saskatchewan), as amended from time to time.

"Tax Act" means the *Income Tax Act* (Canada) and/or the Regulations thereunder, as amended from time to time, and words and phrases that are defined in the Tax Act, and are not otherwise defined herein, including without limitation, the terms "flow-through share" and "Canadian exploration expense" (and its abbreviated form "CEE" as used herein), have the same meanings herein as therein.

"TMM" or the "Portfolio Manager" means TMM Portfolio Management Inc., a corporation pursuant to the SBCA.

"TSXV" means the TSX Venture Exchange.

All financial information in this annual information form is prepared in accordance with Canadian generally accepted accounting principles, unless otherwise noted.

Unless otherwise indicated, all reference in this annual information form to dollar amounts or currency mean Canadian dollars.

PRESENTATION OF OIL AND GAS RESERVES

The oil and gas reserves and operational information of the Issuer contained in this annual information form contains the information required to be included in the Statement of Reserves Data and Other Oil and Gas Information pursuant to NI 51-101 - *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") adopted by the Canadian securities regulatory authorities. Readers should also refer to the Report on Reserves Data by Fekete attached hereto as Schedule "A" and the Report of Management and Directors on Oil and Gas Disclosure attached hereto as Schedule "B". The effective date for the Statement of Reserves Data and Other Oil and Gas Information contained in this annual information form is December 31, 2010.

Certain of the following definitions and guidelines are contained in the Glossary to NI 51-101 contained in Canadian Securities Administrators Staff Notice 51-324 ("CSA Notice 51-324"), which incorporates certain definitions from the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). Readers should consult CSA Notice 51-324 and the COGE Handbook for additional explanation and guidance.

Disclosure of Reserves and Production Information

The Issuer's actual oil and natural gas reserves and future production may be greater than or less than the estimates provided in this annual information form. The estimated future net revenue from the production of such oil and natural gas reserves does not represent the fair market value of such reserves.

Barrels of Oil Equivalent (BOE)

The Issuer has adopted the standard of 6 Mcf:1 BOE when converting natural gas to BOEs. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 6 Mcf:1 BOE is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Interests in Reserves, Production, Wells and Properties

In addition to the terms having defined meanings set forth in CSA Notice 51-324, the terms set forth below have the following meanings when used in this annual information form:

"**gross**" means:

(i) in relation to the Issuer's interest in production or reserves, its working interest (operating or non-operating) share before deduction of royalties and without including any royalty interests of the Issuer;

(ii) in relation to wells, the total number of wells in which the Issuer has an interest; and

(iii) in relation to properties, the total area of properties in which the Issuer has an interest.

"**net**" means:

(i) in relation to the Issuer's interest in production or reserves, its working interest (operating or non-operating) share after deduction of royalty obligations, plus the Issuer's royalty interests in production or reserves;

(ii) in relation to the Issuer's interest in wells, the number of wells obtained by aggregating the Issuer's working interest in each of its gross wells; and

(iii) in relation to the Issuer's interest in a property, the total area in which the Issuer has an interest multiplied by the working interest owned by the Issuer.

"**working interest**" means the percentage of undivided interest held by the Issuer in the oil and/or natural gas or mineral lease granted by the mineral owner, Crown or freehold, which interest gives the Issuer the right to "work" the property (lease) to explore for, develop, produce and market the leased substances.

Reserves Categories and Levels of Certainty for Reported Reserves

"**reserves**" are estimated remaining quantities of oil and natural gas and related substances anticipated to be recoverable from known accumulations, as of a given date, based on: analysis of drilling, geological, geophysical and engineering data; the use of established technology; and specified economic conditions, which are generally accepted as being reasonable, and shall be disclosed. Reserves may be divided into proved and probable categories (as well as possible reserves, which the Issuer does not report) according to the degree of certainty associated with the estimates.

"**proved reserves**" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

"**probable reserves**" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable Reserves.

The qualitative certainty levels referred to in the definitions above are applicable to individual reserves entities (which refers to the lowest level at which reserves calculations are performed) and to reported reserves (which refers to the highest-level sum of individual entity estimates for which reserves estimates are presented). Reported reserves should target the following levels of certainty under a specific set of economic conditions:

- at least a 90 percent probability that the quantities actually recovered will equal or exceed the estimated proved reserves; and

- at least a 50 percent probability that the quantities actually recovered will equal or exceed the sum of the estimated proved plus probable Reserves.

Development and Production Status

Each of the reserves categories reported by the Issuer (proved and probable) may be divided into developed and undeveloped categories:

"**developed reserves**" are those reserves that are expected to be recovered from existing wells and installed facilities or, if facilities have not been installed, that would involve a low expenditure (for example, when compared to the cost of drilling a well) to put the reserves on production. The developed category may be subdivided into producing and non-producing.

- "**developed producing reserves**" are those reserves that are expected to be recovered from completion intervals open at the time of the estimate. These reserves may be currently producing or, if shut-in, they must have previously been on production, and the date of resumption of production must be known with reasonable certainty.

- "**developed non-producing reserves**" are those reserves that either have not been on production, or have previously been on production, but are shut-in, and the date of resumption of production is unknown.

"**undeveloped reserves**" are those reserves expected to be recovered from known accumulations where a significant expenditure (for example, when compared to the cost of drilling a well) is required to render them capable of production. They must fully meet the requirements of the reserves classification (proved or probable) to which they are assigned.

Description of Price and Cost Assumptions

"**forecast prices and costs**" means future prices and costs that are:

(i) generally accepted as being a reasonable outlook of the future; and

(ii) if, and only to the extent that, there are fixed or presently determinable future prices or costs to which the Issuer is legally bound by a contractual or other obligation to supply a physical product, including those for an extension period of a contract that is likely to be extended, those prices or costs rather than the prices or costs referred to in paragraph (i).

ABBREVIATIONS

In this annual information form, the abbreviations set forth below have the following meanings:

Oil and Natural Gas Liquids		**Natural Gas**	
Bbl	Barrel	Mcf	Thousand cubic feet
Bbls	Barrels	Mmcf	Million cubic feet
Mbbls	Thousand barrels	Mcf/d	Thousand cubic feet per day
Mmbbls	Million barrels	Mmscf	Million standard cubic feet
Mstb	1,000 stock tank barrels	Mmcf/d	Million cubic feet per day
Bbls/d	Barrels per day	MMBTU	Million British Thermal Units
BOPD	Barrels of oil per day	Bcf	Billion cubic feet
NGLs	Natural gas liquids	GJ	Gigajoule
STB	Stock tank barrels		

Other

AECO	EnCana Corp's natural gas storage facility located at Suffield, Alberta
API	American Petroleum Institute
°API	An indication of the specific gravity of crude oil measured on the API gravity scale. Liquid petroleum with a specified gravity of 28° API or higher is generally referred to as light crude oil
BOE	Barrel of oil equivalent of natural gas and crude oil on the basis of 1 BOE for 6 Mcf of natural gas. BOEs may be misleading, particularly if used in isolation. A BOE conversion ratio of 1 BOE for 6 Mcf is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead
BOE/d	Barrel of oil equivalent per day
M3	Cubic metres
MBOE	1,000 barrels of oil equivalent
$000 or $M	thousands of dollars
WTI	West Texas Intermediate, the reference price paid in U.S. dollars at Cushing, Oklahoma for crude oil of standard grade

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial Units to the international System of Units (or metric units).

To Convert From	To	Multiply By
Mcf	Cubic metres	28.174
Cubic metres	Cubic feet	35.494
bbls	Cubic metres	0.159
Cubic metres	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

CAUTION REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS

Certain information in this annual information form constitutes forward-looking information. Forward-looking information is information regarding possible future events, conditions or results of operation of the Issuer that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. 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 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. We believe the expectations reflected in the forward-looking information in this annual information form 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 such forward-looking information. 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 annual information form include, but are not limited to, those risks discussed in Item 6, "Risk Factors" of this annual information form as well as risks disclosed in other public disclosure documents filed with Canadian securities regulatory authorities and available at www.sedar.com. The forward-looking information contained in this annual information form is provided as of the date hereof. We do not intend and undertake no obligation to update or revise any forward-looking information.

In particular, this annual information form contains forward-looking statements pertaining to the following:

- the performance characteristics of the Issuer's oil and natural gas properties;
- oil and natural gas production levels;
- the size of oil and natural gas reserves;
- projections of market prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the ability to raise capital and to continually add to reserves through acquisitions and development;
- treatment under governmental regulatory regimes and tax laws;
- tax horizon and future income taxes;
- capital expenditure programs; and
- abandonment and reclamation costs.

Statements relating to "reserves" or "resources" are deemed to be forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future. See Item 4, "Statement of Reserves Data and Other Oil and Gas Information".

The forward-looking information and statements contained in this annual information form are based on the Issuer's current beliefs as well as assumptions made by, and information currently available to, the Issuer concerning future oil and natural gas production levels, future commodity prices, the ability to add oil and natural gas reserves through acquisition and/or drilling at competitive prices, future exchange rates, the cost and availability of equipment and services in the field, the impact of increasing competition and the ability to obtain financing on acceptable terms.

The actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this annual information form:

- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and gas operations;
- uncertainties associated with estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- the other factors discussed under Item 6, "Risk Factors".

These factors should not be considered as exhaustive. All of the forward-looking information contained in this annual information form is expressly qualified by this cautionary statement.

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1. CORPORATE STRUCTURE

Name, Address and Incorporation

The Corporation was continued under the laws of Saskatchewan as a corporation with the name 49 North Resource Fund Inc. pursuant to articles of amalgamation, as amended by article of amendment, registered under the SBCA on January 1, 2008 and restated as of January 17, 2008. By articles of amendment dated August 14, 2009 the corporate name was change from “49 North Resource Fund Inc.” to “49 North Resources Inc.”.

The Corporation is the successor by reorganization to 49 North Resource Fund Limited Partnership, which was constituted as a limited partnership under the laws of Saskatchewan, originally under the name 49 North Resource Flow-Through Limited Partnership, pursuant to a declaration of limited partnership registered under *The Business Names Registration Act* (Saskatchewan) and *The Partnership Act* (Saskatchewan) on July 20, 2005, which declaration was amended November 8, 2006 to, amongst other things, change the name of the Former Partnership to 49 North Resource Fund Limited Partnership.

The companies that amalgamated to form the Corporation included the pre-Conversion Transaction general partner of the Former Partnership, a corporation named 49 North Resource Fund Inc., which was incorporated pursuant to the SBCA on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles effective May 11, 2005 to change its name to 49 North Resource Fund Inc.; and 101110207 Saskatchewan Ltd. which was incorporated pursuant to the SBCA on October 30, 2007 for the sole purpose of facilitating the reorganization of the Issuer from its former structure as a limited partnership to its current structure as a corporation pursuant to the Conversion Transaction.

Our head office is located at 602 - 224 - 4th Avenue South, Saskatoon, Saskatchewan, S7K 5M5 and our registered office is 374 - 3rd Avenue South, Saskatoon, Saskatchewan, S7K 1M5.

We are a reporting issuer in all of the provinces and territories of Canada.

Intercorporate Relationships

We own 750,000 Class “A” common shares (the “NREL Shares”) of North Rim Exploration Ltd., a Saskatchewan corporation. The NREL Shares constitute 50% of the issued and outstanding voting shares, and the remaining 50% of the voting shares are held by key employees and exclusive consultants of North Rim Exploration Ltd.

We own 10,548,502 common shares (the “Allstar Shares”) of Allstar Energy Limited, a Saskatchewan corporation. The Allstar Shares constitute 89.5% of the issued and outstanding voting shares, and the remaining 10.5% of the voting shares are held by the founders and operators of Allstar Energy Limited.

We own 45,246,000 common shares (the “Kimpar Shares”) of Kimpar Resources Inc., a Canada corporation. The Kimpar Shares constitute 80% of the issued and outstanding voting shares.

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 Issuer.

2. GENERAL DEVELOPMENT OF THE BUSINESS

Three Year History

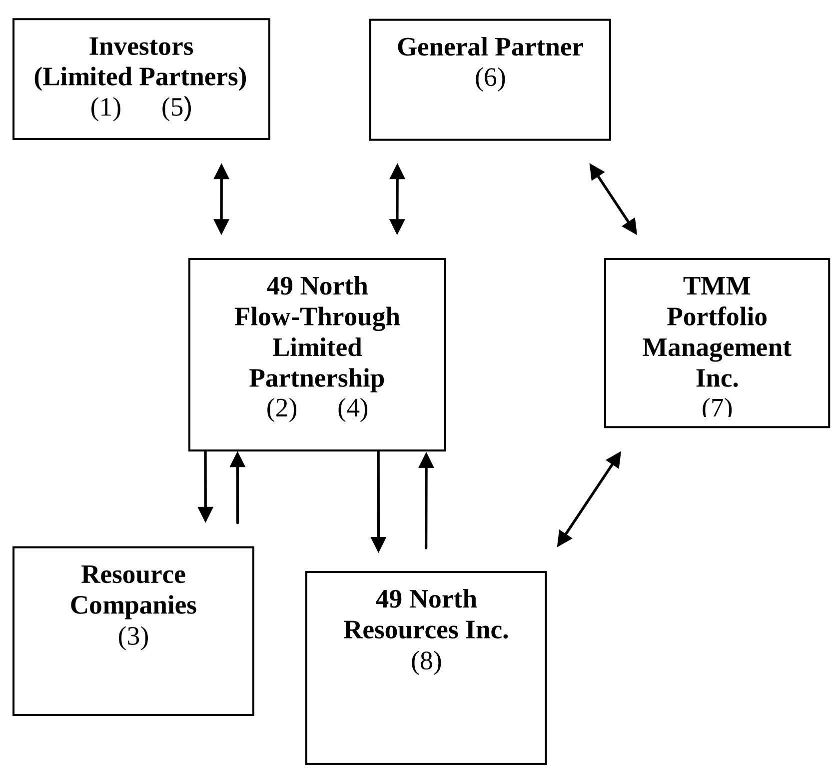
The following summarizes the main events and transactions that have shaped our development over the last three completed financial years and to date in the financial year ending December 31, 2011:

Roll-over Transactions with 49 North Flow-Through Funds

We have 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 inclusive and we anticipate that new 49 North Flow-Through Funds may be established in the future. Each 49 North Flow-Through Fund that has been established to date has raised funds pursuant to a public offering and/or private placement of its own flow-through units and, in February of the year following the year of its flow-through offering, the Flow-Through Fund has then effectively been merged into the Issuer pursuant to a so-called "Roll-over Transaction". As such, each 49 North Flow-Though Fund serves as a window for investing in the listed securities of the Issuer in a manner that permits investors to take advantage of risk reducing tax incentives associated with investments in flow-through shares while also obtaining liquidity for their investment by subsequently exchanging their flow-through units for RRSP eligible, listed securities of the Issuer.

The table below illustrates the underlying investment concept and organizational structure of the various 49 North Flow-Through Funds and their relationship with the Issuer. This information is provided for illustration purposes only and is qualified by the information set forth in the prospectuses and other statutory filings of the different members of the 49 North Group, copies of which are available on SEDAR at www.sedar.com.

49 North Flow-Through Funds: Investment Concept and Structure



Notes:

1. Investors subscribe for flow-through units of a 49 North Flow-Through Fund.

2. The 49 North Flow-Through Fund invests the proceeds of its offering in a portfolio of flow-through shares of resource companies.

3. The investee resource companies renounce CEE to the 49 North Flow-Through Fund.

4. The 49 North Flow-Through Fund allocates the CEE renounced to it by its investee resource companies, *pro rata*, to its investors / limited partners.

5. Investors claim CEE allocated to them by the 49 North Flow-Through Fund (and, if applicable, related Investment Tax Credits) in calculating their taxable income for the year of their investment, thereby potentially significantly reducing their after tax cost of investment.

6. The general partner manages the 49 North Flow-Through Fund and supervises and directs the Portfolio Manager in the management of the Fund's portfolio of flow-through shares.

7. The Portfolio Manager provides advice to the general partner and manages the 49 North Flow-Through Fund's investment portfolio, as well as managing the investment portfolio of the Issuer.

8. In the year following the investors' investment in the flow-through units, the 49 North Flow-Through Fund transfers its investment portfolio to, and in exchange for securities of, the Issuer. The 49 North Flow-Through Fund is then wound-up, its flow-through units are cancelled and the common shares of 49 North Resources Inc. (or, prior to 2008, units of the Former Partnership) issued to the 49 North Flow-Through Fund are distributed to the (former) partners of the 49 North Flow-Through Fund.

The table below provides additional information concerning the flow-through unit offerings of the 49 North Group and the Roll-over Transactions between the Issuer and the respective 49 North Flow-Through Funds.

49 North Group: Offerings, Conversion Transaction and Roll-over Transactions						
Fund	**Offering**			**Roll-over Transaction**		
	Closing Date	**Units Issued**	**Gross Proceeds**	**Closing Date**	**FNR securities Issued**	**Exchange Ratio**
FNR (2005)[1]	December, 2005	1,200,000	$ 6,000,000	NA	NA	NA
2006 Fund[2]	July – Dec, 2006	1,623,006	$ 8,115,030	Feb 21, 2007	1,598,314	0.985
Conversion Transaction[3]				Jan 1, 2008	1,399,157	NA
2007 Fund[4]	Aug -Oct, 2007	932,770	$ 9,327,700	Feb 14, 2008	497,520	0.533
2008-I Fund[5]	Feb- May, 2008	915,655	$ 9,156,550	Feb 2, 2009	1,656,376	1.809
2008-II Fund[6]	December, 2008	219,110	$ 2,191,100	Feb 2, 2009	750,544	3.425
2009 Fund[7]	Nov – Dec, 2009	832,880	$8,328,800	Feb 1, 2010	4,351,810	5.224
2010 Fund[8]	December 2010	898,021	$8,980,210	Feb 1, 2010	2,714,122	3.022

Notes:

1. FNR, which was originally established in July 2005 as a flow-through fund under the name 49 North Resource Flow-Through Limited Partnership, in December of 2005 raised $6,000,000 on the sale of 1,200,000 flow-through limited partnership units, at $5.00 per unit, in an initial public offering pursuant to a prospectus dated September 30, 2005 that was filed only in Saskatchewan and in related private placements outside of Saskatchewan (the "2005 Offering").

2. 49 North 2006 Resource Flow-Through Limited Partnership (the "2006 Fund") was established in January 2006 and, between July and December 2006, raised $8,115,030 on the sale of 1,623,006 flow-through units (the "2006 Units"), at $5.00 per 2006 Unit, in an initial public offering pursuant to a prospectus dated May 18, 2006, as amended August 17, 2006, that was filed in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and in related private placements in other provinces. Effective February 21, 2007, the 2006 Fund transferred its assets to FNR in a Roll-over Transaction in exchange for a 1,598,314 FNR units. Immediately following this transfer, the 2006 Fund was wound-up and these FNR units were distributed amongst the partners of the 2006 Fund, with each investor / (former) limited partner in the 2006 Fund receiving approximately 0.985 FNR units for each 2006 Unit they previously held (i.e. the Exchange Ratio was approximately 0.985 to 1). No Business Acquisition Report was required regarding the Roll-over Transaction with the 2006 Fund.

3. Effective January 1, 2008 FNR converted from its former structure as a limited partnership to its current corporate structure. As part of this Conversion Transaction, the 2,798,314 units of the Former Partnership, including the 1,200,000 units issued in the 2005 Offering and the 1,598,314 units issued in the Roll-over Transaction with the 2006 Fund, were consolidated on a one share for every two units basis and exchanged for a total of 1,399,157 common shares of the Corporation.

4. 49 North 2007 Resource Flow-Through Limited Partnership (the "2007 Fund") was established in January 2007 and filed a prospectus dated July 19, 2007 in all provinces of Canada, other than Quebec. The 2007 Fund raised $9,327,700 on the sale of 932,770 flow-through units (the "2007 Units"), at $10.00 per 2007 Unit, under that prospectus offering (and a small related private placement in Quebec) in two closings, held August 8 and October 10, 2007, respectively. Pursuant to a transfer agreement dated February 14, 2008, effective February 14, 2008, the 2007 Fund transferred its assets to FNR in a Roll-over Transaction in exchange for 497,520 common shares of FNR. Following this transfer, effective February 15, 2008, the 2007 Fund was wound-up and dissolved and these 497,520 FNR shares were distributed amongst the (former) partners of the 2007 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (497,470 shares) and as to 0.01% (50 shares) to the general partner. Accordingly, each (former) limited partner of the 2007 Fund received approximately 0.533 FNR shares for each 2007 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2007 Fund.

5. 49 North 2008 Resource Flow-Through Limited Partnership (the "2008-I Fund") was established effective December 11, 2007 and, at an initial closing held February 29, 2008 and a final closing held May 12, 2008, raised $9,156,550 on the sale of 915,655 flow-through units (the "2008-I Units'), at $10 per 2008-I Unit, in an initial public offering that was carried out in all provinces and territories of Canada pursuant to a prospectus dated February 12, 2008. Pursuant to a transfer agreement made February 12, 2008, as amended and restated as of December 18, 2008, effective February 2, 2009, the 2008-I Fund transferred its assets – consisting of flow-through shares and warrants of 20 resource companies valued, after all adjustments, for the purposes of the transaction, at $4,016,711 – to FNR in a Roll-over Transaction in exchange for 1,656,376 common shares of FNR, which were valued for the purpose of the transaction at $2.425 per share. Following this transfer, but also effective February 2, 2009, the 2008-I Fund was wound-up and dissolved and these 1,656,376 FNR shares were distributed amongst the (former) partners of the 2008-I Fund, as to 99.99%, *pro rata*, to the (former) limited partners (1,656,211 shares) and as to 0.01% (165 shares) to the general partner. Accordingly, each (former) limited partner of the 2008-I Fund received approximately 1.809 FNR shares for each 2008-I Unit they previously held. As a result of the Roll-over Transaction with the 2008-I Fund, FNR, as successor by reorganization to the business of the 2008-I Fund, became a reporting issuer in each of Quebec, Yukon Territory, Nunavut and Northwest Territories. The Issuer filed a Business Acquisition Report respecting the Roll-over Transaction with the 2008-I Fund on June 2, 2009.

6. 49 North 2008-II Flow-Through Limited Partnership (the "2008-II Fund") was established effective September 3, 2008 and, at an initial closing effective December 18, 2008 and a final closing effective December 30, 2008, raised $2,191,100 on the sale of 219,110 flow-through units (the "2008-II Units), at $10 per 2008-II Unit. The 2008-II Fund's offering was carried out in B.C., Alberta, Saskatchewan and Manitoba on a brokered private placement basis pursuant to an offering memorandum dated September 12, 2008, as amended November 25, 2008, and under the "offering memorandum exemption" in National Instrument 45-106; and in Ontario on a brokered private placement basis pursuant to the "accredited investor" exemption in National Instrument 45-106. Pursuant to a framework agreement made as of September 5, 2008, as amended and restated as of November 25, 2008, effective February 2, 2009, the 2008-II Fund transferred its assets – consisting of flow-through shares in 2 resource companies valued, after all adjustments, for the purposes of the transaction at $1,820,069 – to FNR in a Roll-over Transaction in exchange 750,544 common shares of FNR, which were valued for the purpose of the transaction at $2.425 per share. Following this transfer, but also effective February 2, 2009, the 2008-II Fund was wound-up and dissolved and these 750,544 FNR shares were distributed amongst the (former) partners of the 2008-II Fund, as to 99.99%, *pro rata*, to the (former) limited partners (750,469 shares) and as to 0.01% (75 shares) to the general partner . Accordingly, each (former) limited partner of the 2008-II Fund received approximately 3.425 FNR shares for each 2008-II Unit they previously held. The Issuer filed a Business Acquisition Report respecting the Roll-over Transaction with the 2008-II Fund on June 2, 2009.

7. 49 North 2009 Resource Flow-Through Limited Partnership (the "2009 Fund") was established effective September 9, 2009 and, at three closings held November 16, 2009, December 4, 2009 and December 16, 2009, 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 FNR in a Roll-over Transaction in exchange for 4,351,810 common shares of FNR, 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 FNR 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 FNR shares for each 2009 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2009 Fund.

8. 49 North 2010 Resource Flow-Through Limited Partnership (the "2010 Fund") was established effective October 22, 2010 and, in December 2010, raised $8,980,210 on the sale of 898,021 flow-through units (the "2010 Units"), at $10.00 per 2010 Unit, in an initial public offering that was carried out in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to a prospectus dated December 1, 2010 and in related private placements. Pursuant to a transfer agreement made December 1, 2010 effective February 1, 2011, the 2010 Fund transferred its assets – consisting of flow-through shares of 8 resource companies valued, after all adjustments, for the purposes of the transaction, at $8,088,083 – to FNR in Roll-over Transaction in exchange for 2,714,122 common shares of FNR, which were valued for the purpose of the transaction at $2.98 per share. Following this transfer, but also effective February 1, 2011, the 2010 Fund was wound-up and dissolved and these 2,714,122 FNR shares were distributed amongst the (former) partners of the 2010 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (2,713,850 shares) and as to 0.01% (272 shares) to the general partner. Accordingly each (former) limited partner of the 2010 Fund received approximately 3,022 FNR shares for each 2010 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2010 Fund.

Change in Status and Nature of Business

Since the January 2008 Conversion Transaction, our portfolio investment activities have been carried out in accordance with Board policies and guidelines, as discussed in more detail in Item 3 of this annual information form, "Description of the Business". Prior to January 1, 2008, similar guidelines were included as part of the Partnership Agreement of the Former Partnership. These investment guidelines included so-called "non-control provisions" which generally prevented us from investing for the purpose of exercising control of or being actively involved in the management of the resource companies in which we invest. Because of these "non-control provisions", 49 North had, since its inception in July of 2005, been classified as an "investment fund" as defined in, and for the purposes of, applicable securities legislation. Effective June 4, 2008 our Board amended the investment guidelines to remove these "non-control provisions". Because of this, we ceased to be classified as an "investment fund" for the purposes of securities legislation and, as a result, our continuous disclosure obligations under securities legislation changed. In that regard, as an "investment fund", our continuous disclosure obligations were generally governed by National Instrument 81-106 *Investment Fund Continuous Disclosure*, which differ in some respects from the continuous disclosure obligations under National Instrument 51-102 *Continuous Disclosure Obligations* that generally apply to reporting issuers that are not investment funds and that have applied to us since June 4, 2008. For example, as an investment fund, we publicly filed and distributed our annual audited and bi-annual unaudited interim financial statements but, unlike most reporting issuers that are not investment funds, we were not required to publish or distribute quarterly financial statements. Also, as an investment fund, our annual and interim financial statements were accompanied by a management report on fund performance ("MFRP"), whereas the financial statements of non-investment fund reporting issuers are typically accompanied by a Management's Discussion and Analysis report ("MD&A"). Since ceasing to be an investment fund, starting with our financial quarter ending June 30, 2008, we have publicly filed and distributed financial statements and MD&A on a quarterly basis in accordance with the requirements of National Instrument 51-102.

As a result of 49 North ceasing to be an "investment fund" for securities law purposes, and due the expansion of its business into a broader range of activities, including but not limited to an increased role in the management of and larger positions (including, potentially, control positions) in selected resource issuers and/or becoming directly or indirectly (through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for that purpose) involved in the acquisition, development and/or commercialization of resource properties, effective August 14, 2009 the corporate name was changed from "49 North Resource Fund Inc." to "49 North Resources Inc." in order to better describe the Issuer's business activities.

2008 Convertible Debentures

In July of 2008 we raised gross proceeds of $5,000,000 in a brokered private placement of 9% convertible, unsecured, subordinated debentures (the "2008 Debentures") which was carried out under the "offering memorandum exemption" in part 2.9 of National Instrument 45-106 *Prospectus and Registration Exemptions* pursuant to an offering memorandum dated July 4, 2008. A summary of the characteristics of the 2008 Debentures can be found at Item 8 "Description of Securities - Share Capital".

On each of July 24, 2009 and July 24, 2010, we paid, in cash, due interest in the amount of approximately $9.00 per $100 principal amount of the outstanding 2008 Debentures. Payment was made to debenture holders of record as of June 30, 2009 and June 30, 2010 respectively. The total annual interest payment was $450,000 in both 2009 and 2010.

2009 Private Placement

In 2009 we raised aggregate gross proceeds in an amount equal to $11,840,614.75 in two closings of our private placement offering, held June 22 and July 14, which private placement was carried out under the "accredited investor exemption" in part 2.3 of National Instrument 45-106 *Prospectus and Registration Exemptions*. A portion of the private placement was comprised of the sale of 3,942,041 units at an issue price of $2.75 per unit for proceeds of $10,840,612.75. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $3.50 within two years of the date of issue of the warrant.

The subscription price for 2,145,178 of the units issued was satisfied by the exchange of shares, where certain subscribers transferred or issued securities to 49 North in return for the units issued to them. Specifically, we received the following common shares in exchange for the 2,145,178 units issued:

Issuer	Number of Common Shares	Purchase Price per Share (CDN)	Aggregate Purchase Price (CDN)
Athabasca Potash Inc. (TSX: API)	315,000	$4.938	$1,555,470.00
Pinetree Capital Ltd. (TSX: PNP)	914,796	$2.45	$2,241,250.20
Westcore Energy Ltd. (TSXV: WTR)	252,000	$0.652	$164,304.00
Eagle Plains Resources Ltd. (TSXV: EPL)	175,500	$0.262	$45,981.00
Wescan Goldfields Inc. (TSXV: WGF)	47,000	$0.206	$9,682.00
Prairie Hunter Energy Corp. (Private)	1,128,315	$1.00	$1,128,315.00
NuCoal Energy Corp. (Private)	1,010,667	$0.75	$758,000.25

The purchase price for the acquired common shares was set off against the subscription price of the particular subscriber's units purchased in the private placement. The difference between the subscription price for units and the purchase price of the transferred common shares was paid by 49 North in cash to the appropriate subscriber, resulting in a cash payment of approximately $3,762 by 49 North. All of the acquired shares meet our investment criteria and the valuation of the acquired shares was approved on behalf of the Issuer by a committee comprised of independent members of its board of directors. The remaining 1,796,863 units were issued for $4,941,373.25 in cash in the private placement.

The other portion of the private placement saw 49 North complete a share exchange transaction with Grafton Resource Investments Ltd. ("Grafton") in which we issued to Grafton 333,334 common shares (as opposed to units) at $3.00 per share, in exchange for 21,985 shares of Grafton, representing a value of $1,000,002 based on the net asset value per share of Grafton as at May 29, 2009. Grafton is a closed-end resource fund managed by Newland Fund Management LLP of London, England.

As a result, in aggregate 49 North raised gross proceeds in an amount equal to $11,840,614.75. If all of the warrants and broker warrants are exercised, the company will receive an additional $14,920,181.

The agents for the private placement received a fee comprised of a commission and a work fee totalling $758,250. As additional consideration we issued 312,992 broker warrants and agreed to pay a commission of 3.0% of any amount received from the exercise of any warrant underlying the units. A summary of the characteristics of the warrants and broker warrants issued pursuant to the 2009 private placement can be found at Item 8 "Description of Securities - Share Capital".

Acquisition of Shares of North Rim Exploration Ltd.

In 2009 we acquired 750,000 Class "A" common shares (the "NREL Shares") of North Rim Exploration Ltd. ("NREL"). The acquisition of the NREL Shares was completed in two instalments that closed November 2 and December 31, 2009, respectively. As a result, we now own 50% of the issued and outstanding shares of NREL and the remaining 50% of the shares are held by key employees and exclusive consultants of NREL.

NREL, a private company, is Saskatchewan's premier independent geological consulting company specializing in the field of subsurface geology pertaining to petroleum, potash and industrial mineral resources. NREL has provided consulting services to petroleum and mineral resource exploration and development companies, engineering firms and First Nations since 1984. Acquiring a stake in NREL will greatly enhance 49 North's position as the dominant early stage resource development entity in Saskatchewan.

As mentioned above, the NREL Shares were acquired in two tranches. At the closing of the first tranche we paid cash consideration of $375,000 for 375,000 of the NREL Shares. At the closing of the second and final tranche we received the remaining NREL Shares in consideration of issuing a promissory note in the amount of $375,000 with interest accruing at the Royal Bank of Canada Prime lending rate, as published from time to time, plus 2%. Payment of principal and interest owing under the promissory note shall be completed in no more than eight semi-annual consecutive instalments, with the amount of each instalment payment based on a percentage of NREL's net earnings. If after the eighth semi-annual instalment payment there remains an amount owing under the promissory note, that amount shall be waived by the vendor. The promissory note is secured by the NREL Shares. As at December 31, 2010, $27,667 of principal payments had been made on the promissory note. No Business Acquisition Report was required regarding the acquisition of shares of NREL.

Acquisition of Shares of Allstar Energy Limited

On April 12, 2010 we 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. 49 North acquired 10,548,502 Allstar shares for $3,481,005.66 ($0.33 per share). No Business Acquisition Report was required regarding the acquisition of shares of Allstar.

Indirectly through Allstar, 49 North holds 100% of the rights to explore for, and develop petroleum and natural gas over approximately 5,560 acres of land, as well as approximately 640 acres of land where Allstar owns 50% of the natural gas rights. All of the approximately 6,200 acres of land are in the area of Kindersley, Saskatchewan.

In the summer of 2010, Allstar successfully completed a drill program consisting of five horizontal Viking oil and gas wells. The wells were drilled to total depths of between 1,557 metres and 1,614 metres with average horizontal leg lengths of about 780 metres. All five of the horizontal oil and gas wells were brought into production by October of 2010 and gathering lines have been constructed in order to tie in associated gas from these wells to the newly constructed, 100% Allstar owned oil and gas processing facility. The oil and gas processing facility has a daily maximum capacity of 2.5 Mmcf of natural gas and 600 Bbl of oil, along with retention of high end NGLs.

In December 2010, Allstar commenced "phase 2" development drilling to place an additional five horizontal wells adjacent to the first five successful Viking horizontal wells. In February 2011, Allstar finished completion operations on the five "phase 2" wells at Kindersley, which were subsequently brought on production and tied to the 100% Allstar owned oil and gas processing facility.

Allstar has also entered into an agreement with the Red Pheasant First Nation granting it exclusive rights to explore and drill over 32 sections (approximately 22,000 acres) of highly prospective oil and gas land and been granted an Indian Oil and Gas Canada subsurface permit covering 10,566 acres, more or less. In December 2010, Allstar completed its initial exploration well on the Red Pheasant property, south of North Battleford, Saskatchewan. The hole was drilled to a total measured depth of 747 metres.

The company plans to drill up to an additional 20 horizontal oil and gas wells in the Viking formation in the Kindersley area of Saskatchewan in 2011.

For complete oil and gas reserves and operational information of the Issuer see Item 4, "Statement of Reserves Data and Other Oil and Gas Information".

Manitoba Coal Properties and Agreement with Westcore Energy Ltd.

49 North applied for, and was granted, five coal exploration permits in Manitoba. 49 North received a 100% interest in Quarrying Exploration Permit Nos. QP-216, QP-229, QP-231, QP-232 and QP-233 issued by Manitoba Innovation, Energy and Mines, Mines Branch which authorize 49 North to explore for coal on the approximately 10,273 aggregate hectares covered by the permits.

49 North subsequently entered into a binding agreement with Westcore Energy Inc. ("Westcore") on April 22, 2010 for the sale of an interest in the permits. Under the agreement, Westcore will initially acquire a 50% interest in the property covered by the permits and pending 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 will consist of the issuance of an aggregate of 1,000,000 common shares in the capital of Westcore, together with a cash payment in the amount of $250,000. 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. The transaction with Westcore closed October 18, 2010.

In December 2010, Westcore, as operator announced a winter exploration program which included the preliminary drilling of the Quasar target on the FNR joint venture property. The hole intersected four major coal units in total, ranging at a thickness from 4.6 to 44.5 metres. Please see the Issuer's press release dated February 10, 2011. Based on the results of the initial drilling, 15 additional holes were drilled on the Quasar main target and one hole on the Quasar satellite target (located approximately 750 metres to the north-west of Quasar main). Every hole intersected coal. Please see the Issuer's press release dated March 2, 2011 for further details.

2010 Convertible Debentures

In 2010, we raised aggregate gross proceeds in the amount equal to $4,690,800 in two closings of our brokered private placement offering of 8% convertible, unsecured, subordinated debentures (the "2010 Debentures") held September 23 and October 12, 2010, which private placement was carried out under the "Offering Memorandum" and "Accredited Investor" exemptions in part 2.9 and 2.3, respectively, of National Instrument 45-106 *Prospectus and Registration Exemptions*. A summary of the characteristics of the 2010 Debentures can be found at Item 8 "Description of Securities - Share Capital".

Acquisition of Shares of Kimpar Resources Inc.

On December 13, 2010, we acquired 80% of the issued and outstanding common shares of Kimpar Resources Inc. ("Kimpar"), a private company with copper-molybdenum properties and granite quarries in the Gaspe area of Quebec. Following the completion of the acquisition, 49 North holds 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. 49 North acquired 45,246,000 Kimpar shares for $1,129,000 ($0.025) per share. No Business Acquisition Report was required regarding the acquisition of shares of Kimpar.

3. DESCRIPTION OF THE BUSINESS

General

We are a resource investment, financial and managerial advisory, and merchant banking company. The Corporation's subsidiary, North Rim Exploration Ltd., provides independent geological consulting services. 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 of the portfolio. In addition, we are expanding 49 North's business into a broader range of activities, including but not limited to an increased role in the management of and larger positions (including, potentially, control positions) in selected resource issuers and/or becoming directly or indirectly (through one or more subsidiaries, joint ventures, farm-in 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 acquiring a controlling interest in certain investee companies or direct interest 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 property. The overall business strategy of the Issuer 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, with a focus predominantly on Saskatchewan's relatively untapped resource exploration and development opportunities.

49 North also promotes and provides advisory, administrative and merchant-banking services to other members of the 49 North Group, as discussed above under "Roll-over Transactions with 49 North Flow-Through Funds" in Item 2 of this annual information form, "General Development of the Business - Three Year History".

As at December 31, 2010 we had 3 individuals who performed management and executive functions and 3 individuals who performed administrative functions.

Investment Portfolio

The Issuer's investment portfolio provides diversified exposure to oil and gas, potash, uranium, diamonds, coal, base and precious metals, and rare earth elements. Investments are made in accordance with investment policies and guidelines adopted by the Board and which are set forth below (the "Investment Guidelines")[1]. Subject to the overall supervision and direction of the Board, the portfolio is selected and managed by TMM Portfolio Management Inc. ("TMM" or the "Portfolio Manager") with the objective of achieving capital appreciation of the portfolio for the benefit of 49 North's security holders. The Issuer's investment portfolio is now, and is expected in the future to continue to be, focused on junior and intermediate resource companies, with funds invested predominantly in resource companies with exploration programs in Saskatchewan that are listed on the TSXV. However, the Issuer may invest in securities of any resource company, public or private, and regardless of which stock exchange such securities are listed (if any), 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 Issuer's available funds 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 as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a resource company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Accordingly, certain of the securities in 49 North's portfolio may be subject to continuing re-sale and other trading restrictions under applicable securities law and/or, regardless of such restrictions, may be illiquid. Investing in relatively smaller companies that are listed on a junior exchange (or are not

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[1] The Investment Guidelines have been adopted as Board policies and may be supplemented, amended or terminated by the Board at any time in its discretion.

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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. On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater.

The Investment Guidelines are as follows:

- *Resource Securities:* Our portfolio is comprised primarily of common shares or other equity or equity-linked securities in the capital of "resource companies". The portfolio may also include special warrants, warrants, options, rights and/or other convertible securities entitling the holder to acquire equity securities in the capital of resource companies; as well as debt instruments of resource companies, including without limitation, convertible debentures and/or other debentures, bonds, commercial paper or other evidence of indebtedness, whether or not convertible into equity securities; and may also include derivative instruments. We may invest in flow-through shares of resource companies but we are not in any way restricted to investing in flow-through shares.

- *Resource Companies:* Generally, for the purposes of our Investment Guidelines, a "resource company" or "resource issuer" means any company or other entity that, directly or indirectly, is engaged or intends to engage in mining or exploring for minerals (a "mining issuer" or "mining company") and/or exploring or drilling for petroleum or natural gas (an "oil and gas issuer" or "oil and gas company"). Resource companies may also be issuers that are engaged, or that intend to engage, in the generation of electricity or other energy forms through alternative means or the development of projects for alternative energy generation such as "clean-coal" power production, wind power or solar power, or for the production of alternative fuels ("alternative energy companies"). Also, although we primarily invest directly in resource companies, we may also invest indirectly, such as by investing in the securities of other resource based investment companies or funds.

- *Resource Sectors:* There are no fixed restrictions or requirements as to the amount or percentage of funds that must be invested in any particular sector of the resource industry and no fixed restrictions or requirements as to the geographical locations in which investee resource companies conduct their exploration and/or development activities. The geographic and sectoral mix of our portfolio changes over time as a result of changes in the market prices or values of portfolio securities and/or as a result of trading activity in response to evolving conditions and market opportunities in different areas of the world and in the different resource sectors.

- *Size and Types of Resource Companies:* Our portfolio focuses on junior and intermediate resource companies, with funds invested predominantly in resource companies that are listed on the TSXV. However, we 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 our 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 resource company 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, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Accordingly, certain of the securities in our portfolio may be subject to continuing re-sale and other trading restrictions under applicable securities legislation and/or, regardless of such restrictions, may be illiquid. 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. On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater.

- *Diversification and Control:* Generally, we limit investment in any single resource issuer to a maximum of 10% of our available funds and generally do not invest for the purpose of exercising or seeking to exercise control of an issuer. However, there are no fixed limits or restrictions on the amount or percentage of available funds that may be invested in any one company and no fixed limits or restrictions as to the amount or percentage of shares or other securities that 49 North may acquire in any one company. Management is aware that many companies could often use more than just 49 North's investment dollars. They sometimes also need advice and assistance in developing their 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. 49 North may take a greater role in the management of and larger positions (including, potentially, control positions) in selected resource issuers and/or may become directly or indirectly (through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for that purpose) involved in the acquisition, development and/or commercialization of resource properties.

- *Investment Considerations:* When considering investing in any particular resource company, we consider, without limitation, the experience of management on a general, overall basis and with specific consideration given to the number of directors and officers who have experience or expertise in the relevant resource sector and the depth of such experience or expertise; past production, exploration results and the financial condition of the applicable resource company; pricing of the securities and the relative value, liquidity and potential for growth in value of the securities of the resource company. Also, to the extent available, 49 North and/or the Portfolio Manager may consider engineering reports and other information regarding the exploration program to be conducted by the resource company. However, the existence and/or review of an engineering report is not necessarily a condition or requirement of 49 North's investment in the securities of any particular resource company.

- *Derivatives:* In addition to investing in resource securities as described above, we may invest in derivative instruments that are consistent with our overall investment objective. We may use derivatives with the intention of offsetting or reducing risks associated with an investment or group of investments in resource securities; may use derivatives rather than direct investments in resource companies to reduce transaction costs, achieve greater liquidity, create effective exposure to broader markets or increase speed and flexibility in making portfolio changes; and may invest in derivatives for speculative purposes rather than investing directly in the underlying securities on which such derivatives are based. 49 North may seek to enhance the return to its portfolio through the use of derivatives by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return and/or derivatives may be used to position our portfolio so that it may profit from declines in financial markets. Subject to applicable laws, the derivatives that 49 North may invest in or use may include, without limitation, clearing corporation options, stock exchange indexes or index funds, future contracts, options on futures, over-the-counter put or call options, forward contracts, debt-like securities and listed or unlisted warrants and we may invest in or use such derivatives for hedging purposes and for non-hedging purposes.

Principal Holdings

The following is a list of our holdings as of December 31, 2010[1]:

Name of Company[2]	Symbol	Number of Shares	Fair Value	Percentage of Portfolio
Mineral Exploration:				
Shares				
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 Corporation's current financial statements. See especially note 3 of the statements.

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

[3] Portfolio investments are classified as financial instruments held-for-trading and, in accordance with generally accepted accounting principles, are presented in the Issuer's financial statements and measured at fair value as at the end of the relevant period, 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 Issuer has immediate access. Where bid and ask prices are unavailable, the Issuer uses the closing price of the most recent transaction for that instrument. The fair value of securities in the Issuer'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 are 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 Issuer 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 the cost reduced by a typical premium being paid by the Issuer for similar flow-through securities. 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 (less an appropriate risk discount) when they become exercisable. A warrant is in the money when the stock price is greater than the exercise price of the warrant.

[4] The Issuer holds 12,185,658 shares of Newsk Emerging Resources Ltd., a private company, with a fair market value of $12,185,658. 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 principles to consolidate the VIE in its financial reporting. As a result, the Corporation's holdings in Newsk Emerging Resources Ltd. has been excluded from the list of principal holdings above.

Resource Properties

49 North has interests, either directly or indirectly through subsidiary companies, in coal, kimberlite, copper-molybdenum, granite and oil and gas properties. The Issuer's investments in resource properties target undervalued, over-looked or orphaned assets with potential for growth through exploration, development and/or commercialization activities. Once an interest in a resource property is acquired, 49 North endeavours to advance the project, which may include taking one or more of the following actions, or such other actions deemed appropriate in the circumstances:

- *Management:* A new management team comprised of strong and capable individuals committed to the project may be assembled and installed respecting the particular resource property, with preference given to those who have experience or expertise in the relevant resource sector and who have demonstrated a track record of successfully exploiting junior resource opportunities. 49 North, together with the management team, if any, will develop and implement strategies for exploring, developing, bringing into production and operating the resource property.

- *Restructuring:* Resource properties may be acquired and held indirectly through a subsidiary, or directly by the Issuer, in which case, the property may subsequently be transferred to a subsidiary or held by the Issuer. When necessary, a restructuring or reorganization will be implemented to put in place an appropriate business structure to properly capitalize and advance the project and/or prepare it for a liquidity transaction.

➢ *Strategic Partners:* Joint ventures, option agreements, farm-ins or other arrangements may be entered with parties that have the necessary capital available and the commitment to develop the resource property. 49 North along with the management team for the resource property, if any, will evaluate and assess potential strategic partners and be responsible for selecting, negotiating and managing the joint venture, option agreement, farm-in or other arrangement respecting a resource property.

➢ *Capitalization:* The Issuer may provide short-term loans to, or make follow on investments in, a subsidiary company to ensure sufficient capital to fund exploration and development programs and otherwise advance the resource property. The Issuer may also provide financial assistance to a subsidiary company in the form of guarantees, letters of credit or such other means as may be available and appropriate in the circumstances. Equity offerings may be completed by a particular subsidiary under such terms and conditions deemed appropriate by the Issuer and, where applicable, the particular management team, in order to raise capital. 49 North will use its expertise in, and knowledge of the junior resource sector to assist with the negotiation and consummation of any such debt financing facilities or equity offerings.

➢ *Technical Advisors:* The Issuer may engage one or more professional engineering, geosciences or other similar companies or persons to assist, where it is considered appropriate, with the evaluation of resource properties and preparation of exploration and development programs. Technical advisors may also be retained to assist with the evaluation and assessment of potential joint ventures, option agreements, farm-ins or other arrangements, as well as potential liquidity transactions.

➢ *Liquidity Transaction:* The Issuer's interest in the resource property may be sold to a third party for cash or securities (such as listed securities, redeemable securities or other securities that provide liquidity to the Issuer) of the third party buyer, or a combination of cash and securities. Alternatively, the Issuer may seek a stock exchange listing whereby the subsidiary holding the resource property will directly list its securities (or the securities of another entity that acquires all or substantially all of the assets of the subsidiary) for trading on a public stock exchange. 49 North will use its experience in, and knowledge of the junior resource sector to assist with the identification, negotiation and consummation of such a liquidity transaction.

The Issuer'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 Issuer'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 Issuer 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.

For complete oil and gas reserves and operational information of the Issuer see Item 4, "Statement of Reserves Data and Other Oil and Gas Information". 49 North's interests in its mineral properties are not currently material to the Issuer, therefore no information respecting our mineral properties is included in this annual information form.

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.

4. STATEMENT OF RESERVES DATA AND OTHER OIL AND GAS INFORMATION

The Issuer's reserves were evaluated as at December 31, 2010 by the independent engineering firm of Fekete Associates Inc. ("Fekete") in accordance with the rules provided by National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101") and the Canadian Oil and Gas Evaluation Handbook ("COGE Handbook"). The following tables provide summary information presented in the Fekete report effective December 31, 2010 and based on the Fekete December 31, 2010 price forecast.

The reserves data set forth below (the "Reserves Data") is based upon an evaluation by Fekete with an effective date of December 31, 2010 contained in the report of Fekete with a preparation date of March 9, 2011 (the "Fekete Report"). The Reserves Data summarizes the crude oil, natural gas liquids and natural gas reserves of the Issuer and the net present values of future net revenue for these reserves using forecast prices and costs. The Fekete Report has been prepared in accordance with the standards contained in the COGE Handbook and the reserve definitions contains in NI 51-101. The Issuer engaged Fekete to provide an evaluation of proved and proved plus probable reserves and no attempt was made to evaluate possible reserves. All of the Issuer's reserves are located in Canada and, specifically, in the province of Saskatchewan.

The Issuer holds its oil and gas interests through Allstar Energy Limited, a 89.5% owned subsidiary of 49 North. Also, certain working interest arrangements have been entered respecting the Issuer's reserves. The disclosed Reserves Data (including future net revenues) takes into account the 10.5% minority interests held in Allstar Energy Limited and the working interest arrangements.

The information relating to the oil and gas reserves of 49 North contains forward-looking statements relating to future net revenues, forecast capital expenditures, future development plans and costs relating thereto, forecast operating costs, and anticipated production and abandonment costs. See "Caution Regarding Forward-Looking Information and Statements" herein and Item 6, "Risk Factors". **Disclosure provided herein in respect of BOE's may be misleading, particularly if used in isolation. A BOE conversion ratio of 6Mcf=1Bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the well head.**

The Reports of Reserves Data by the Independent Qualified Reserves Evaluator and the Report of Management and Directors on oil and gas disclosure are attached hereto as Schedule "A" and Schedule "B" respectively.

The net present value of future net revenue attributable to the Issuer's reserves is stated without provision for interest costs and general and administrative costs, but after providing for estimated royalties, production costs, development costs, other income, future capital expenditures, and well abandonment costs for only those wells assigned reserves by Fekete. It should not be assumed that the undiscounted or discounted net present value of future net revenue attributable to the Issuer's reserves estimated by Fekete represents the fair market value of those reserves. Other assumptions and qualifications relating to costs, prices for future production and other matters are summarized herein. The recovery and reserve estimates of the Issuer's oil and natural gas reserves provided herein are estimates only and there is no guarantee that the estimated reserves will be recovered. Actual reserves may be greater than or less than the estimates provided in the Fekete Report. There is no assurance that the forecast prices and cost assumptions will be attained and variances could be material.

The Fekete Report is based on certain factual data supplied by the Issuer and Fekete's opinion of reasonable practice in the industry. The extent and character of ownership and all factual data pertaining to the Issuer's petroleum properties and contracts were supplied by the Issuer to Fekete and accepted without any further investigation. Fekete accepted this data as presented and neither title searches nor field inspections were conducted.

Estimated future abandonment costs related to a working interest have been taken into account by Fekete in determining reserves that should be attributed to a property and in determining the aggregate future net revenue therefrom, there was deducted the reasonable estimated future well abandonment costs. No allowance was made, however, for reclamation of well sites or the abandonment of any facilities. Estimated future abandonment costs have been included in the cashflows for the final event of wells and in determining the aggregate future net revenue.

The crude oil, natural gas liquids and natural gas reserve estimates provided in the Fekete Report are based on the definitions and guidelines contained in NI 51-101 and the COGE Handbook. A summary of those definitions are set forth under "Presentation of Oil and Gas Reserves" and "Abbreviations" in this annual information form. Columns may not add due to rounding.

Summary of Oil and Gas Reserves - Forecast Prices and Costs as at December 31, 2010

Reserves Category	Gross Reserves			Net Reserves		
	Light and Medium Oil (Mbbls)	Natural Gas (Mmcf)	Total Oil Equivalent(1) (Mbbls)	Light and Medium Oil (Mbbls)	Natural Gas (Mmcf)	Total Oil Equivalent(1) (Mbbls)
Proved						
Developed Producing	200.9	695	316.7	178.4	629	283.2
Developed Non-Producing	-	-	-	-	-	-
Undeveloped	964.1	2,410	1,365.8	840.5	2,081	1,187.3
Total Proved	1,165	3,106	1,682.5	1,018.9	2,710	1,470.5
Probable	263.5	694	379.2	236.1	619	339.3
Total Proved plus Probable	1,428.5	3,800	2,061.7	1,255	3,329	1,809.8

Notes: (1) Natural gas is converted to BOE's at a rate of six thousand standard cubic feet to one barrel of oil.

Net Present Value of Future Net Revenue of Oil and Gas Reserves - Forecast Prices and Costs as at December 31, 2010

Reserves Category	Before Future Income Tax Expenses and Discounted at (%/Year)				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved					
Developed Producing	11,958.87	10,229.84	9,028.84	8,149.23	7,477.08
Developed Non-Producing	-	-	-	-	-
Undeveloped	32,648.93	20,302.86	13,343.12	9,030.78	6,150.10
Total Proved	44,607.80	30,532.69	22,371.95	17,180.01	13,627.18
Probable	17,111.52	9,463.46	6,255.75	4,648.87	3,716.77
Total Proved plus Probable	61,719.32	39,996.15	28,627.70	21,828.88	17,343.95

Reserves Category	After Future Income Tax Expenses and Discounted at (%/Year)				
	0% (M$)	5% (M$)	10% (M$)	15% (M$)	20% (M$)
Proved					
Developed Producing	8,674.6	7,412.5	6,536.4	5,895.0	5,405.2
Developed Non-Producing	-	-	-	-	-
Undeveloped	25,104.4	15,484.5	9,935.2	6,435.7	4,065.6
Total Proved	33,779.0	22,897.0	16,471.6	12,330.7	9,470.8
Probable	12,372.7	6,886.6	4,551.9	3,376.3	2,693.4
Total Proved plus Probable	46,151.7	29,783.6	21,023.5	15,707.0	12,164.2

Total Future Net Revenue (Undiscounted) - Forecast Prices and Costs as at December 31, 2010

Reserves Category	Revenue (M$)	Royalties (M$)	Operating Costs (M$)	Development Costs (M$)	Abandonment and Reclamation Costs(1) (M$)	Future Net Revenue Before Income Taxes (M$)	Income Taxes (M$)	Future Net Revenue After Income Taxes (M$)
Total Proved Reserves	137,359	17,366	57,344	16,108	1,934	44,608	10,829	33,779
Total Proved plus Probable Reserves	176,775	21,751	75,066	16,104	2,135	61,719	15,568	46,152

Notes: (1) Includes Saskatchewan Capital Surtax

Future Net Revenue by Production Group - Forecast Prices and Costs as at December 31, 2010

	Future Net Revenue Before Future Income Tax Expenses and Discounted at 10%/Year(1) (M$)	Unit Value Before Income Tax and Discounted at 10%/Year(2) ($/Bbl)
Total Proved		
Light and Medium Crude Oil	22,371.95	21.9
Natural Gas	-	-
Probable		
Light and Medium Crude Oil	6,255.75	26.5
Natural Gas	-	-
Total Proved plus Probable		
Light and Medium Crude Oil	28,627.70	22.8
Natural Gas	-	-

Notes: (1) Including solution gas and other by-products
(2) Net present value of oil, solution gas and NGLs ($) divided by total net oil reserves (Bbl)

Reserves Disclosure Varies with Accounting

As a subsidiary of 49 North Resources Inc., Allstar Energy Limited has been consolidated in to the Issuer's financial statements. The disclosure of Reserves Data takes into account and makes deductions for the 10.5% minority interests in Allstar Energy Limited as well as certain working interest arrangements respecting its reserves.

Future Net Revenue Disclosure Varies with Accounting

As a subsidiary of 49 North Resources Inc., Allstar Energy Limited has been consolidated in to the Issuer's financial statements. The disclosure of future net revenues takes into account and makes deduction for the 10.5% minority interests in Allstar Energy Limited as well as certain working interest arrangements respecting its reserves.

Pricing Assumptions

Crude oil and natural gas benchmark reference pricing, inflation and exchange rates utilized by Fekete in the Fekete Report were Fekete's forecasts, as at December 31, 2010, as follows:

Summary of Pricing and Inflation Rate Assumptions Forecast Prices and Costs

Oil and Liquids Forecast

Year	W.T.I.	Edmonton Light	Hardisty Bow River Medium	Western Canadian Select	Hardisty Heavy	Sask. Cromer	Edmonton Propane	Edmonton Butane	Inflation(1)	U.S./CDN Exchange Rate(1)
	($U.S./STB)	($CDN/STB)	($CDN/STB)	($CDN/STB)	($CDN/STB)	($CDN/STB)	($CDN/STB)	($CDN/STB)	(%/YR)	($U.S./$CDN)
Historical										
2004	41.40	52.54	37.60	-	30.40	45.94	33.39	39.47	1.8	0.770
2005	56.59	68.72	44.83	-	34.35	57.47	40.29	47.48	2.0	0.825
2006	66.22	72.77	51.53	51.02	43.27	62.10	40.84	50.84	1.9	0.882
2007	72.31	76.35	53.36	52.84	44.77	65.68	44.71	51.75	2.0	0.935
2008	99.65	102.16	84.40	82.92	76.30	93.17	52.03	60.29	2.4	0.943
2009	61.81	65.90	60.29	58.64	55.65	62.79	38.67	47.73	0.9	0.880
2010	79.55	77.64	68.48	67.26	62.19	73.76	46.71	68.18	1.5	0.971
Forecast										
2011	88.00	87.50	75.50	73.50	69.50	81.50	48.10	65.60	2.0	0.980
2012	90.00	89.50	75.50	74.50	69.50	81.50	50.12	67.15	2.0	0.980
2013	92.50	92.10	76.50	75.10	70.10	83.10	52.50	69.10	2.0	0.980
2014	95.00	94.65	78.65	76.65	71.65	84.65	54.90	71.00	2.0	0.980
2015	97.00	96.70	80.00	77.70	71.70	85.70	57.05	72.50	2.0	0.980

Thereafter escalate prices at 2% per year.

Notes: (1) Inflation and U.S./CDN Exchange rates kept constant at 2%/year and 0.98 $U.S./$CDN beyond 2015.

Natural Gas Price Forecast

			Alberta Plantgate(1)				British Columbia			
Year	Henry Hub Spot	AECO-C Hub	Alberta Gas Reference Price	Pan Alberta	Progas	Spot	Sumas		Plantgate Spot	Sask. Plantgate Spot
	($U.S.)	($CDN)	($CDN)	($CDN)	($CDN)	($CDN)	($U.S.)	($CDN)	($CDN)	($CDN)
Historical										
2004	5.90	6.51	6.34	6.32	6.32	6.36	5.20	6.67	6.30	6.85
2005	8.60	8.79	8.29	8.18	8.54	8.63	7.44	8.96	8.49	8.44
2006	6.74	6.51	6.56	6.45	6.62	6.32	6.03	6.86	6.11	7.11
2007	6.98	6.44	6.21	6.27	6.37	6.23	6.52	7.00	6.24	6.54
2008	8.86	8.15	7.87	7.89	8.07	7.90	8.16	8.58	7.91	8.18
2009	3.91	3.99	3.87	3.97	3.90	3.76	3.75	4.28	3.76	4.15
2010	4.39	4.01	3.76	3.94	3.81	3.79	4.11	4.24	3.83	3.91
Forecast										
2011	4.50	4.15	3.95	3.95	3.95	3.95	4.25	4.35	3.85	4.10
2012	5.00	4.65	4.45	4.45	4.45	4.45	4.75	4.85	4.35	4.60
2013	5.75	5.40	5.20	5.20	5.20	5.20	5.50	5.60	5.10	5.35
2014	6.25	5.90	5.70	5.70	5.70	5.70	6.00	6.10	5.60	5.85
2015	6.75	6.45	6.25	6.25	6.25	6.25	6.50	6.65	6.15	6.40

Thereafter escalate at 2% per year.

Notes: (1) Years 2004 - 2010 historical aggregator prices shown are prior to receipt transportation deduction. Forecast prices are Plantgate assuming $0.20/MMBTU receipt transportation deduction.

The following table sets forth the Issuer's total proved, probable and total proved plus probable gross reserves as at December 31, 2010, based on forecast price and cost assumptions. This is the first reporting year for the Issuer.

Reconciliation of Changes in Gross Reserves - Forecast Prices and Costs as at December 31, 2010

Factors	Light and Medium Oil			Associated and Non-Associated Gas			Total BOE		
	Proved (Mbbls)	Probable (Mbbls)	Proved Plus Probable (Mbbls)	Proved (Mmcf)	Probable (Mmcf)	Proved Plus Probable (Mmcf)	Proved (MBOE)	Probable (MBOE)	Proved Plus Probable (MBOE)
December 31, 2009	20.9	5.7	26.6	99	20	119	37.4	9.0	46.4
Extensions									
Improved Recovery									
Infill Drilling									
Technical Revisions									
Discoveries	1,155.4	257.8	1,413.2	3,045	674	3,719	1,662.8	370.2	2,033.0
Acquisitions									
Dispositions (neg.)									
Economic Factors									
Production (neg.)	(11.3)	0	(11.3)	(38)	0	(38)	(17.6)	0	(17.6)
December 31, 2010	1,165.0	263.5	1,428.5	3,106	694	3,800	1,682.6	379.2	2,061.8

Note: (1) The Issuer has no unconventional reserves.

The following table sets forth the gross proved undeveloped reserves and the gross probable undeveloped reserves, by each production type, attributable to the Issuer for the year ended December 31, 2010. This is the first reporting year for the Issuer.

Additional Information Relating to Reserves Data – Undeveloped Reserves

	Light & Medium Oil		Natural Gas	
	First Attributed (Mbbls)	Cumulative At Year End (Mbbls)	First Attributed (Mmcf)	Cumulative At Year End (Mmcf)
Proved Undeveloped Reserves				
2010	964.1	964.1	2,410	2,410
Proved Plus Probable Undeveloped Reserves				
2010	1,189.4	1,189.4	2,974	2,974

	Oil Equivalent	
	First Attributed	Cumulative At Year End
	(Mbbls)	(Mbbls)
Proved Undeveloped Reserves		
2010	1,365.77	1,365.77
Proved Plus Probable Undeveloped Reserves		
2010	1,685.07	1,685.07

Notes: (1) Reserves shown are gross working interest before royalty
(2) "First Attributed" refers to reserves first attributed at year-end of the corresponding fiscal year.

Proved and probable undeveloped reserves have been estimated in accordance with the procedures and standards contained in the COGE Handbook.

Proved undeveloped reserves for the Issuer are those reserves tested or indicated by analogy to be productive. All assigned proved undeveloped reserves are planned to be on-stream within a one year timeframe. These reserves represent a conservative estimate.

Probable undeveloped reserves are those reserves tested or indicated by analogy to be productive. All assigned probable undeveloped reserves are planned to be on-stream within a one year timeframe. However, the Issuer may choose to delay development depending on a number of circumstances, including the existence of higher priority expenditures, partner priorities and prevailing commodity prices and cashflow. The probable undeveloped reserves represent the difference between our proved plus probable best estimate and our proved conservative estimate.

The table below sets out the total development costs deducted, as estimated in the Fekete Report, from future net revenue attributable to proved reserves and proved plus probable reserves of the Issuer as set forth in the Fekete Report using forecast prices and costs.

Future Development Costs

	Forecast Prices and Costs	
Year	Proved Reserves ($000s)	Proved Plus Probable Reserves ($000s)
2011	16,108	16,104
2012	0	0
2013	0	0
2014	0	0
2015	0	0
Remainder	0	0
Total: Undiscounted	16,108	16,104

The future development costs are capital expenditures required in the future for the Issuer to convert proved undeveloped reserves and probable reserves to proved developed producing reserves. The undiscounted development costs are $16.1 million for both proved reserves and proved plus probable reserves (in each case based on forecast prices and costs). Development capital expenditures are forecast to be spent in 2011. No development costs are forecast after 2011.

On an ongoing basis, the Issuer anticipates that the future exploration and development costs will be financed through combinations of internally generated cashflow, debt, flow-through and/or equity financing. The cost of funding is not expected to have an effect on disclosed reserves or future net revenue nor make the development of a property uneconomic for the Issuer.

Other Oil and Gas Information - Oil and Gas Properties and Wells

The following is a description of the material oil and gas properties in which the Issuer has an interest.

Kindersley, Saskatchewan (Twp 29-30 Rge 23-24 W3M)

The Issuer, through its 89.5% owned subsidiary Allstar Energy Limited, operates this Viking resource play in which Allstar holds 100% of the rights to explore for, and develop petroleum and natural gas over approximately 5,560 acres of land, as well as approximately 640 acres of land where Allstar owns 50% of the natural gas rights. This area has been produced in the past with low rate vertical oil wells and the Issuer commenced developing the pool with multi-stage hydraulically fractured horizontal oil wells in 2010 and will continue this approach in 2011.

In the summer of 2010, Allstar successfully completed a drill program consisting of five “phase 1” horizontal Viking oil and gas wells on this property. All five of the horizontal oil and gas wells were brought into production by October of 2010. A working interest arrangement was entered respecting the “phase 1” wells whereby 49 North directly receives 63% of the net production from the “phase 1” wells in consideration of funding 90% of the drill costs and a third party receives 7% of the net production from the “phase 1” wells in consideration of funding 10% of the drill costs. The remaining 30% interest in the net production from the “phase 1” wells is held by Allstar, which is 89.5% owned by the 49 North.

In December 2010, Allstar commenced “phase 2” development drilling to place an additional five horizontal wells adjacent to the first five successful Viking horizontal wells. In February 2011, Allstar finished completion operations on the five “phase 2” wells at Kindersley, Saskatchewan. A working interest arrangement was entered respecting the “phase 2” wells whereby 49 North directly receives 53.11% of the net production from the “phase 2” wells in consideration of funding 75.41% of the drill costs and third parties receive 21.59% of the net production from the “phase 2” wells in consideration of funding 24.59% of the drill costs. The remaining 25.3% interest in the net production from the “phase 2” wells is held by Allstar, which is 89.5% owned by the Issuer.

The following table lists the number and status of wells effective December 31, 2010, in which the Issuer has a working interest.

Producing and Non-Producing Wells

	Oil Wells[(1)]				Gas Wells			
	Producing		Non-Producing		Producing		Non-Producing	
	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Saskatchewan, Canada	14	14	5	5	2	2	1	1

Notes: (1) Includes four of the five “phase 2” horizontal wells at Kindersley, Saskatchewan. The fifth well was drilled after December 31, 2010.

The following table summarizes, effective December 31, 2010, the gross and net acres of unproved properties. During 2010, the Issuer entered into an agreement with the Red Pheasant First Nation granting it exclusive rights to explore and drill over 32 sections (approximately 22,000 acres) of highly prospective oil and gas land. Allstar has also been granted an Indian Oil and Gas Canada subsurface permit covering 10,566 acres, more or less. In December 2010, the Issuer drilled, cased and completed an exploratory well at Red Pheasant. As at December 31, 2010, the well had not been tested. Additional wells are planned for 2011. No reserves have been assigned for the exploratory well at Red Pheasant.

Properties with no Attributed Reserves

	Gross Area (acres)	**Company WI** %	**Net Area** (acres)
Saskatchewan	10,566	100	10,566

The Issuer is liable for ongoing environmental obligations and for the ultimate abandonment and reclamation costs for its oil and natural gas properties (including surface leases, wells, facilities and pipelines) upon abandonment. The Issuer identifies obligations relating to oil and gas properties by estimating the present value of expected future costs to reclaim and abandon these properties and the timing of the costs to be incurred in future periods. These estimated costs are based on 40 net wells (16 producing wells, 4 drilled and cased wells and 20 wells that are to be drilled in 2011) in respect of which the Issuer is liable for ongoing environmental obligations and for the ultimate abandonment and reclamation costs for its oil and gas property (including surface leases, wells, facilities and pipelines) upon abandonment. The Issuer anticipates the total inflated amount of such costs to be approximately $1.9 million on an undiscounted basis and $390,500 discounted at 10% for total proved and approximately $2.1 million on an undiscounted basis and $316,500 discounted at 10% for total proved plus probable. The entire amount disclosed above was deducted as abandonment and reclamation costs in estimating the Issuer's future net revenue. The Issuer anticipates that no abandonment and reclamation costs will be paid in the next three financial years.

Tax Horizon

Based on after tax economic forecasts prepared by Fekete, income taxes are anticipated to be payable by the Corporation beginning in 2011.

Costs Incurred

The following table summarizes capital expenditures relating to the Issuer's activities for the year ended December 31, 2010:

Property acquisition costs	$397,029
Exploration costs	$60,631
Development costs	$396,567
Total	$854,227

The following table sets forth the gross and net exploratory and development wells in which the Issuer participated in during the year ended December 31, 2010. This is the first reporting year for the Issuer.

Exploration and Development Activities

		Gross		Net	
Canada	Exploratory Wells	Dry	0	Dry	0
		Oil	1	Oil	1
		Gas	0	Gas	0
		Service	0	Service	0
	Development Wells	Dry	0	Dry	0
		Oil	5	Oil	5
		Gas	0	Gas	0
		Service	0	Service	0

Notes: (1) The Issuer's most important exploration and development activities are all located in the Kindersley property, Saskatchewan, Canada.

The following table sets out the volume of the Issuer's working interest production, both before royalties and after deduction of royalty obligations, estimated for the fiscal period ending December 31, 2011 in the Fekete Report, which is reflected in the estimate of future net revenue disclosed in the table contained under "Reserves Data - Forecast Prices and Costs".

Production Estimates

Reserves Category	Gross Cumulative Production			Net Cumulative Production		
	Light and Medium Oil (Mbbls)	Natural Gas (Mmcf)	Total Oil Equivalent (Mbbls)	Light and Medium Oil (Mbbls)	Natural Gas (Mmcf)	Total Oil Equivalent (Mbbls)
Proved						
Developed Producing	51.1	172	79.8	45.0	151	70.2
Developed Non-Producing	0.0	0.0	0.0	0.0	0.0	0.0
Undeveloped	103.2	258	146.2	89.7	208	124.4
Total Proved	154.3	430	226	134.7	359	194.6
Probable	10.0	25	14.2	10.0	22	13.7
Total Proved plus Probable	164.3	455	240.2	144.7	381	208.3

Notes: (1) The Kindersley, Saskatchewan property accounts for 100% of the estimated production in the table above.

The following table sets forth certain information in respect of production, product prices received, royalties, production costs and netbacks received by the Issuer for each quarter of the fiscal year ended December 31, 2010:

Production History

Production History				
2010 Net Average Daily Production	**Q1**	**Q2**	**Q3**	**Q4**
Oil & NGL (Bbls/d)	9.1	5.3	9.3	99.2
Gas (Mcf/d)	88	74	77	175
BOE/d (6:1)	23.8	17.6	22.1	128.4
Prices				
Oil & NGL ($/Bbl)	74.77	69.58	71.62	78.24
Gas ($/Mcf)	4.75	3.32	3.04	3.67
BOE ($)	46.26	33.80	40.32	69.49
Royalties ($/BOE) (1)	(1.66)	(1.66)	(1.66)	-
Production Costs ($/BOE) (1)	(29.46)	(29.46)	(29.46)	-
Netback ($/BOE)	15.14	2.68	9.20	-

Notes: (1) The royalty and production costs information was supplied on a gross basis for 9 months, January – September, 2010. The values shown represent the average for these nine months.

5. INFORMATION CONCERNING THE OIL AND GAS INDUSTRY

Companies operating in the oil and natural gas industry are subject to extensive regulation and control of operations (including land tenure, exploration, development, production, refining, transportation, and marketing) as a result of legislation enacted by various levels of government and with respect to the pricing and taxation of oil and natural gas through agreements among the governments of Canada and Saskatchewan, all of which should be carefully considered by investors in the oil and gas industry. It is not expected that any of these regulations or controls will affect the Issuer's operations in a manner materially different than they will affect other oil and natural gas companies of similar size. All current legislation is a matter of public record and the Issuer is unable to predict what additional legislation or amendments may be enacted. Outlined below are some of the principal aspects of legislation, regulations and agreements governing the oil and gas industry.

Pricing and Marketing – Oil

The producers of oil are entitled to negotiate sales contracts directly with oil purchasers, with the result that the market determines the price of oil. Oil prices are primarily based on worldwide supply and demand. The specific price depends in part on oil quality, prices of competing fuels, distance to market, the value of refined products, the supply/demand balance, and contractual terms of sale. Oil exporters are also entitled to enter into export contracts with terms not exceeding one year in the case of light crude oil and two years in the case of heavy crude oil, provided that an order approving such export has been obtained from the National Energy Board of Canada (the "NEB"). Any oil export to be made pursuant to a contract of longer duration (to a maximum of 25 years) requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

Pricing and Marketing - Natural Gas

The price of the vast majority of natural gas produced in western Canada is now determined through highly liquid market hubs such as the Alberta "NIT" (Nova Inventory Transfer) hub rather than through direct negotiation between buyers and sellers. Natural gas exported from Canada is subject to regulation by the NEB and the Government of Canada. Exporters are free to negotiate prices and other terms with purchasers, provided that the export contracts must continue to meet certain other criteria prescribed by the NEB and the Government of Canada. Natural gas (other than propane, butane and ethane) exports for a term of less than two years or for a term of two to 20 years (in quantities of not more than 30,000 m3/day) must be made pursuant to an NEB order. Any natural gas export to be made pursuant to a contract of longer duration (to a maximum of 25 years) or for a larger quantity requires an exporter to obtain an export licence from the NEB and the issuance of such a licence requires a public hearing and the approval of the Governor in Council.

The government of Saskatchewan also regulates the volume of natural gas that may be removed from the province for consumption elsewhere based on such factors as reserve availability, transportation arrangements, and market considerations.

Pipeline Capacity

As a result of pipeline expansions over the past several years, there is ample pipeline capacity to accommodate current production levels of oil and natural gas in western Canada and pipeline capacity does not generally limit the ability to produce and market such production.

The North American Free Trade Agreement

The North American Free Trade Agreement ("NAFTA") among the governments of Canada, the United States and Mexico became effective on January 1, 1994. NAFTA carries forward most of the material energy terms that are contained in the Canada United States Free Trade Agreement. In the context of energy resources, Canada continues to remain free to determine whether exports of energy resources to the United States or Mexico will be allowed, provided that any export restrictions do not: (i) reduce the proportion of energy resources exported relative to the total supply of goods of the party maintaining the restriction as compared to the proportion prevailing in the most recent 36 month period; (ii) impose an export price higher than the domestic price (subject to an exception with respect to certain measures which only restrict the volume of exports); and (iii) disrupt normal channels of supply. All three signatory countries are prohibited from imposing a minimum or maximum export price requirement in any circumstance where any other form of quantitative restriction is prohibited. The signatory countries are also prohibited from imposing a minimum or maximum import price requirement except as permitted in enforcement of countervailing and anti-dumping orders and undertakings.

NAFTA prohibits discriminatory border restrictions and export taxes. NAFTA also requires energy regulators to ensure the orderly and equitable implementation of any regulatory changes and to ensure that the application of those changes will cause minimal disruption to contractual arrangements and avoid undue interference with pricing, marketing and distribution arrangements, all of which are important for Canadian oil and natural gas exports.

Royalties and Incentives - General

In addition to federal regulation, each province has legislation and regulations which govern royalties, production rates and other matters. The royalty regime in a given province is a significant factor in the profitability of crude oil, natural gas liquids, sulphur and natural gas production. Royalties payable on production from lands other than Crown lands are determined by negotiation between the mineral freehold owner and the lessee, although production from such lands is subject to certain provincial taxes and royalties. Royalties from production on Crown lands are determined by governmental regulation and are generally calculated as a percentage of the value of gross production. The rate of royalties payable generally depends in part on prescribed reference prices, well productivity, geographical location, field discovery date, method of recovery and the type or quality of the petroleum product produced. Other royalties and royalty-like interests are, from time to time, carved out of the working interest owner's interest through non-public transactions. These are often referred to as overriding royalties, gross overriding royalties, net profits interests, or net carried interests.

Occasionally the governments of the western Canadian provinces create incentive programs for exploration and development. Such programs often provide for royalty rate reductions, royalty holidays or royalty tax credits and are generally introduced when commodity prices are low to encourage exploration and development activity by improving earnings and cash flow within the industry.

Royalties and Incentives – Saskatchewan

In Saskatchewan, the amount payable as a royalty in respect of oil depends on the type and vintage of oil, the quantity of oil produced in a month, the value of the oil produced and specified adjustment factors determined monthly by the provincial government. For Crown royalty and freehold production tax purposes, conventional oil is classified as “heavy oil”, “southwest designated oil” or “non-heavy oil other than southwest designated oil”. The conventional royalty and production tax classifications (“fourth tier oil”, “third tier oil”, “new oil” and “old oil”) depend on the finished drilling date of a well and are applied to each of the three crude oil types slightly differently. Heavy oil is classified as third tier oil (having a finished drilling date on or after January 1, 1994 and before October 1, 2004), fourth tier oil (having a finished drilling date on or after October 1, 2002) or new oil (not classified as either third tier oil or fourth tier oil). Southwest designated oil uses the same definitions of third and fourth tier oil but new oil is defined as conventional oil produced from a horizontal well having a finished drilling date on or after February 9, 1998 and before October 1, 2002. For non-heavy oil other than southwest designated oil, the same classification is used but new oil is defined as conventional oil produced from a vertical well completed after 1973 and having a finished drilling date prior to 1994, whereas old oil is defined as conventional oil not classified as third or fourth tier oil or new oil.

Base prices are used to establish lower limits in the price-sensitive royalty structure for conventional oil. Where average wellhead prices are below the established base prices of $100 per m3 for third and fourth tier oil and $50 per m3 for new oil and old oil, base royalty rates are applied. Base royalty rates are 5% for all fourth tier oil, 10% for heavy oil that is third tier oil or new oil, 12.5% for southwest designated oil that is third tier oil or new oil, 15% for non-heavy oil other than southwest designated oil that is third tier or new oil, and 20% for old oil. Where average wellhead prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base oil price. Marginal royalty rates are 30% for all fourth tier oil, 25% for heavy oil that is third tier oil or new oil, 35% for southwest designated oil that is third tier oil or new oil, 35% for non-heavy oil other than southwest designated oil that is third tier or new oil, and 45% for old oil.

The amount payable as a royalty in respect of natural gas production is determined by a sliding scale based on the actual price received, the quantity produced in a given month, the type of natural gas, and the vintage of the natural gas. Like conventional oil, natural gas may be classified as “non-associated gas” or “associated gas” and royalty rates are determined according to the finished drilling date of the respective well. As an incentive for the production and marketing of natural gas which may have been flared, the royalty rate on natural gas produced in association with oil is less than on non-associated natural gas. Non-associated gas is classified as new gas (having a finished drilling date before February 9, 1998 with a first production date on or after October 1, 1976), third tier gas (having a finished drilling date on or after February 9, 1998 and before October 1, 2002), fourth tier gas (having a finished drilling date on or after October 1, 2002) and old gas (not classified as either third tier, fourth tier or new gas). A similar classification is used for associated gas except that the classification of old gas is not used, the definition of fourth tier gas also includes production from oil wells with a finished drilling date prior to October 1, 2002, where the individual oil well has a gas-oil production ratio in any month of more than 3,500 m3 of gas for every m3 of oil, and new gas is defined as oil produced from a well with a finished drilling date before February 9, 1998 that received special approval, prior to October 1, 2002, to produce oil and gas concurrently without gas-oil ratio penalties.

On December 9, 2010, the Government of Saskatchewan enacted *The Freehold Oil and Gas Production Tax Act, 2010* which replaces the existing *The Freehold Oil and Gas Production Tax Act* and is intended to facilitate more efficient payment of freehold production taxes by industry. No regulations have been passed with respect to the calculation of freehold production taxes under the new Act.

As with conventional oil production, base prices are used to establish lower limits in the price-sensitive royalty structure for natural gas. Where average field-gate prices are below the established base prices of $50 per thousand m3 for third and fourth tier gas and $35 per thousand m3 for new gas and old gas, base royalty rates are applied. Base royalty rates are 5% for all fourth tier gas, 15% for third tier or new gas, and 20% for old gas. Where average wellhead prices are above base prices, marginal royalty rates are applied to the proportion of production that is above the base gas price. Marginal royalty rates are 30% for all fourth tier gas, 35% for third tier and new gas, and 45% for old gas**.**

The Government of Saskatchewan currently provides a number of targeted incentive programs. These include both royalty reduction and incentive volume programs, including the following:

- *Royalty/Tax Incentive Volumes for Vertical Oil Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 8,000 m3 for deep development vertical oil wells, 4,000 m3 for non-deep exploratory vertical oil wells and 16,000 m3 for deep exploratory vertical oil wells (more than 1,700 metres or within certain formations);

- *Royalty/Tax Incentive Volumes for Exploratory Gas Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 25,000,000 m3 for qualifying exploratory gas wells;

- *Royalty/Tax Incentive Volumes for Horizontal Oil Wells Drilled on or after October 1, 2002* providing reduced Crown royalty and freehold tax rates on incentive volumes of 6,000 m3 for non-deep horizontal oil wells and 16,000 m3 for deep horizontal oil wells (more than 1,700 metres or within certain formations);

- *Royalty/Tax Regime for Incremental Oil Produced from New or Expanded Waterflood Projects Implemented on or after October 1, 2002* treating incremental production from waterflood projects as fourth tier oil for the purposes of royalty calculation;

- *Royalty/Tax Regime for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing prior to April 1, 2005* providing Crown royalty and freehold tax determinations based in part on the profitability of enhanced recovery projects pre- and post-payout; and

- *Royalty/Tax Regime for Enhanced Oil Recovery Projects (Excluding Waterflood Projects) Commencing on or after April 1, 2005* providing a Crown royalty of 1% of gross revenues on enhanced oil recovery projects pre-payout and 20% post-payout and a freehold production tax of 0% on operating income from enhanced oil recovery projects pre-payout and 8% post-payout.

In 1975, the Government of Saskatchewan introduced a Royalty Tax Rebate ("RTR") as a response to the Government of Canada disallowing crown royalties and similar taxes as a deductible business expense for income tax purposes. As of January 1, 2007, the remaining balance of any unused RTR will be limited in its carry forward to seven years since the Government of Canada's initiative to reintroduce the full deduction of provincial resource royalties from federal and provincial taxable income. Saskatchewan's RTR will be wound down as a result of the Government of Canada's plan to reintroduce full deductibility of provincial resource royalties for corporate income tax purposes.

Land Tenure

Crude oil and natural gas located in the western provinces is owned predominantly by the respective provincial governments. Provincial governments grant rights to explore for and produce oil and natural gas pursuant to leases, licences, and permits for varying terms, and on conditions set forth in provincial legislation including requirements to perform specific work or make payments. Oil and natural gas located in such provinces can also be privately owned and rights to explore for and produce such oil and natural gas are granted by lease on such terms and conditions as may be negotiated. The province of Saskatchewan has implemented legislation providing for the reversion to the Crown of mineral rights to deep, non-productive geological formations at the conclusion of the primary term of a lease or license.

Environmental Regulation

The oil and natural gas industry is currently subject to environmental regulations pursuant to a variety of provincial and federal legislation, all of which is subject to governmental review and revision from time to time. Such legislation provides for restrictions and prohibitions on the release or emission of various substances produced in association with certain oil and gas industry operations, such as sulphur dioxide and nitrous oxide. In addition, such legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. Compliance with such legislation can require significant expenditures and a breach of such requirements may result in suspension or revocation of necessary licenses and authorizations, civil liability for pollution damage, and the imposition of material fines and penalties.

Environmental legislation in the province of Saskatchewan is, for the most part, set out in *The Environmental Management and Protection Act, 2002* and *The Oil and Gas Conservations Act*, which regulate harmful or potentially harmful activities and substances, any release of such substances and remediation obligations in Saskatchewan. *The Environmental Management and Protection Act, 2002* is in the process of being updated, and is being replaced by *The Environmental Management and Protection Act, 2010* ("EMPA 2010"). While EMPA 2010 has been passed, it has not yet proclaimed into law; it is our understanding the new legislation is expected to be brought into effect in 2011. Certain development activities in Saskatchewan, depending on the location and potential environmental impact, may require a screening or an environmental impact assessment under *The Environmental Assessment Act*.

Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas, or other pollutants in the air, soil or water may give rise to liabilities to third parties and may require the Issuer to incur costs to remedy such a discharge in an event not covered by the Issuer's insurance, which insurance is in line with industry practice. Furthermore, the Issuer expects incremental future costs associated with compliance with increasingly complex environmental protection requirements with respect to greenhouse gas ("GHG") emissions or otherwise, some of which may require the installation of emissions monitoring and measuring devices, the verification and reporting of emissions data and addition financial expenditure to comply with GHG emissions reduction requirements.

6. 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 our business and on your investment in our common shares. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations.

General

Reliance on Management

Securityholders must rely substantially on the discretion, knowledge and expertise of management of the Issuer in conducting the business operations of the Issuer and, in particular, must rely on the discretion, knowledge and expertise of such management and the Portfolio Manager in determining the composition of the 49 North'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.

Conflicts of Interest

The officers and directors of 49 North have been, are or will be the officers and directors of the general partner of the 49 North Flow-Through Funds and TMM has been, is or will be the portfolio manager of the 49 North Flow-Through Funds. Mr. Tom MacNeill is a director and the President and Chief Executive Officer of the Issuer, and has been, is or will be the sole shareholder, a director and officer of each of the general partners of the 49 North Flow-Through Funds and TMM. Potential conflicts of interest may arise or be perceived between Mr. MacNeill acting on the one hand in his capacity as a director and officer of the Portfolio Manager and, on the other hand, as a director and officer of the Issuer, and potential conflicts of interest may arise or be perceived between the Issuer and other funds or entities of which the directors and officers of the Issuer may also be directors, officers, or otherwise involved in the management, including but not limited to other members and future members of the 49 North Group. Investors must appreciate that they are relying on the expertise, good faith and integrity of the officers and directors of the Issuer 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 securities of the Issuer. More generally, the services of the officers and directors of the Issuer and of TMM are not exclusive to the Issuer. The officers and directors of the Issuer and their affiliates may engage in activities for their own account which compete with the Issuer. 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 issuers in which the Issuer and/or the officers and directors of the Issuer and/or their affiliates invest. Potential conflicts of interest may arise in the enforcement of the terms and conditions of agreement between the Issuer on the one hand and the Portfolio Manager (or other persons with whom one or more directors or officers of the Issuer may be associated) on the other hand, whether such agreements are being enforced by or against the Issuer.

Global Financial Crisis

Recent market events and conditions, including disruptions in the international credit markets and other financial systems and the deterioration of global economic conditions, have caused significant volatility to commodity prices. These conditions worsened in 2008 and continued in 2009, causing a loss of confidence in the broader U.S. and global credit and financial markets and resulting in the collapse of, and government intervention in, major banks, financial institutions and insurers and creating a climate of greater volatility, less liquidity, widening of credit spreads, a lack of price transparency, increased credit losses and tighter credit conditions. Notwithstanding various actions by governments, concerns about the general condition of the capital markets, financial instruments, banks, investment banks, insurers and other financial institutions caused the broader credit markets to further deteriorate and stock markets to decline substantially. Although economic conditions improved towards the latter portion of 2009 and in 2010, as anticipated, the recovery from the recession has been slow in various jurisdictions including in Europe and the United States and has been impacted by various ongoing factors including sovereign debt levels and high levels of unemployment which continue to impact commodity prices and to result in high volatility in the stock market.

Failure to Realize Anticipated Benefits of Acquisitions and Dispositions

The Corporation makes acquisitions and dispositions of businesses and assets in the ordinary course of business. Achieving the benefits of acquisitions depends in part on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Corporation's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Corporation. The integration of acquired business may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. Management continually assesses the value and contribution of services provided and assets required to provide such services. In this regard, non-core assets are periodically disposed of, so that the Corporation can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets of the Corporation, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Corporation.

Operational Dependence

Other companies operate some of the assets in which the Corporation has an interest. As a result, the Corporation has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Corporation's financial performance. The Corporation's return on assets operated by others therefore depends upon a number of factors that may be outside of the Corporation's control, including the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Distributions and Dividends

The Issuer has never paid dividends on its common shares and, although subject to applicable solvency test provisions of the SBCA and the preferential rights of the holders of the Issuer’s first or second preferred shares, if any, it is not precluded from paying dividends, the Board has not yet adopted a dividend policy and there is no assurance that a dividend policy will be adopted. Further, regardless of whether or not a dividend policy is adopted, there is no assurance that dividends will be paid in accordance with such policies as may be adopted or at all.

Changes to Tax Laws

Potential changes to, or interpretations of, tax laws, may negatively impact the Issuer’s business.

Investment Portfolio

Risks Associated with Resource Issuers

In general, the business of the Issuer includes investing 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 the Issuer invests will prove to be profitable or viable over the short or long term. The resource industries are highly competitive and resource issuers in which the Issuer may invest must compete with many other 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 resource issuers that the Issuer 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 Issuer’s investments in such issuers’ securities and/ or on an investor’s investment in 49 North. Furthermore, as the Issuer holds some resource properties directly, the Issuer 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 the Issuer 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 Issuer'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's property interests may be 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 Issuer's shares will vary in accordance with the value of the securities in the Issuer's investment portfolio and the value of securities owned by the Issuer may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. The Issuer's investment portfolio generally focuses on junior and intermediate resource companies, with available funds invested predominantly in resource companies that are listed on the TSXV. However, the Issuer 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 available funds 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 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 a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, 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 Toronto Stock Exchange. 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 few 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. The Issuer's investments in illiquid securities and in certain other small resource issuers may be difficult to value accurately or to sell and may trade at a price significantly lower than their value. In general, the less liquid an investment, the more its market value tends to fluctuate. As a result, the Issuer may not be able to convert its investments to cash at a fair market price when it needs to or it may bear additional costs in doing so.

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

More generally, many of the securities held by the Issuer, 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.

Concentration Risk

The Issuer invests predominantly in securities of junior and intermediate resource companies engaged in mineral or oil and gas exploration in Canada. Concentrating its investment in the resource sector may result in the value of the Issuer's shares fluctuating to a greater degree than if the Issuer invested in a broader spectrum of issuers.

Future Roll-over Transactions

The Issuer 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 49 North 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. We anticipate that new 49 North Flow-Through Funds may be established in the future and, at about the time that any particular new 49 North Flow-Through Fund is established, we may enter into agreements to acquire the portfolios of such funds in a proposed Roll-over Transaction. Such agreements are typically subject to various conditions, including, without limitation, the receipt of all necessary regulatory approvals. Accordingly, there is no assurance that a proposed Roll-over Transaction with any particular 49 North Flow-Through Fund will be completed within the time frames contemplated by the relevant agreements, or at all. Further, depending on the methodology used to value the Issuer's shares and/or the assets of a new 49 North Flow-Through Fund, respectively, for the purpose of a proposed Roll-over Transaction; the size and timing of the new Fund's own offering and the length of time between such offering and the completion of a proposed Roll-over Transaction; the requirements of stock exchanges on which 49 North's shares may then be listed; and other factors which may not be known at this time and/or which may be outside of the control of management, the completion of any particular Roll-over Transaction may be dilutive to the persons who then hold shares of 49 North.

Market for Shares and Net Asset Value

A person desiring to buy or sell common shares must do so through the facilities of the Exchange by contacting his broker or investment advisor. The prices at which common shares are traded on the Exchange are 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.

Oil and Gas Properties

Exploration, Development and Production Risks

Oil and natural gas operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Corporation's oil and gas activities depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves the Corporation may have at any particular time, and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Corporation's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Corporation will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Corporation may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by the Corporation.

Future oil and natural gas exploration may involve unprofitable efforts, not only from dry wells, but also from wells that are productive but do not produce sufficient petroleum substances to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or personal injury. In particular, the Corporation may explore for and produce sour natural gas in certain areas. An unintentional leak of sour natural gas could result in personal injury, loss of life or damage to property and may necessitate an evacuation of populated areas, all of which could result in liability to the Corporation. In accordance with industry practice, the Corporation is not fully insured against all of these risks, nor are all such risks insurable. Although the Corporation maintains liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Corporation could incur significant costs. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by the Corporation is and will continue to be affected by numerous factors beyond its control. The Corporation's ability to market its oil and natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets.

The Corporation may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing and storage facilities and operational problems affecting such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

The prices of oil and natural gas prices may be volatile and subject to fluctuation. Any material decline in prices could result in a reduction of the Corporation's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in reduced production of oil or gas and a reduction in the volumes of the Corporation's reserves. The Corporation might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Corporation's expected net production revenue and a reduction in its oil and gas acquisition, development and exploration activities. Prices for oil and gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and gas, market uncertainty and a variety of additional factors beyond the control of the Corporation. These factors include economic conditions, in the United States and Canada, the actions of OPEC, governmental regulation, political stability in the Middle East and elsewhere, the foreign supply of oil and gas, risks of supply disruption, the price of foreign imports and the availability of alternative fuel sources. Any substantial and extended decline in the price of oil and gas would have an adverse effect on the Corporation's carrying value of its reserves, borrowing capacity, revenues, profitability and cash flows from operations and may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Petroleum prices are expected to remain volatile for the near future as a result of market uncertainties over the supply and the demand of these commodities due to the current state of the world economies, OPEC actions and the ongoing credit and liquidity concerns. Volatile oil and gas prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for oil and gas producing properties, as buyers and sellers have difficulty agreeing on such value. Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects.

Competition

The petroleum industry is competitive in all its phases. The Corporation competes with numerous other organizations in the search for, and the acquisition of, oil and natural gas properties and in the marketing of oil and natural gas. The Corporation's competitors include oil and natural gas companies that have substantially greater financial resources, staff and facilities than those of the Corporation. The Corporation's ability to increase its reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire other suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery and storage. Competition may also be presented by alternate fuel sources.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government, which may be amended from time to time. Governments may regulate or intervene with respect to price, taxes, royalties and the exportation of oil and natural gas. Such regulations may be changed from time to time in response to economic or political conditions. The implementation of new regulations or the modification of existing regulations affecting the oil and natural gas industry could reduce demand for natural gas and crude oil and increase the Corporation's costs, any of which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects. In order to conduct oil and gas operations, the Corporation will require licenses from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all of the licenses and permits that may be required to conduct operations that it may wish to undertake.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and natural gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach of applicable environmental legislation may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Corporation to incur costs to remedy such discharge. Although the Corporation believes that it will be in material compliance with current applicable environmental regulations, 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 have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Variations in Foreign Exchange Rates and Interest Rates

World oil and gas prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/U.S. dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar has increased materially in value against the United States dollar. Material increases in the value of the Canadian dollar negatively impact the Corporation's production revenues. Future Canadian/United States exchange rates could accordingly impact the future value of the Corporation's reserves as determined by independent evaluators. An increase in interest rates could result in a significant increase in the amount the Corporation pays to service debt, which could negatively impact the market price of the common shares of the Corporation.

Substantial Capital Requirements

The Corporation anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If the Corporation's revenues or reserves decline, it may not have access to the capital necessary to undertake or complete future drilling programs. In addition, uncertain levels of near term industry activity coupled with the present global credit crisis exposes the Corporation to additional access to capital risk. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Corporation. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on the Corporation's business financial condition, results of operations and prospects.

Additional Funding Requirements

The Corporation's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, the Corporation may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause the Corporation to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If the Corporation's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect the Corporation's ability to expend the necessary capital to replace its reserves or to maintain its production. If the Corporation's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or, if available, on terms acceptable to the Corporation. Continued uncertainty in domestic and international credit markets could materially affect the Corporation's ability to access sufficient capital for its capital expenditures and acquisitions, and as a result, may have a material adverse effect on the Corporation's ability to execute its business strategy and on its business, financial condition, results of operations and prospects.

Hedging

From time to time the Corporation may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Corporation will not benefit from such increases and the Corporation may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Corporation may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Corporation will not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment (typically leased from third parties) in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Corporation and may delay exploration and development activities.

Title to Assets

Although title reviews may be conducted prior to the purchase of oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Corporation's claim which may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of oil, natural gas and natural gas liquids reserves and the future cash flows attributed to such reserves. The reserve and associated cash flow information set forth herein are estimates only. In general, estimates of economically recoverable oil and natural gas reserves and the future net cash flows therefrom are based upon a number of variable factors and assumptions, such as historical production from the properties, production rates, ultimate reserve recovery, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, the assumed effects of regulation by governmental agencies and future operating costs, all of which may vary materially from actual results. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. The Corporation's actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

Estimates of proved reserves that may be developed and produced in the future are often based upon volumetric calculations and upon analogy to similar types of reserves rather than actual production history. Recovery factors and drainage areas were estimated by experience and analogy to similar producing pools. Estimates based on these methods are generally less reliable than those based on actual production history. Subsequent evaluation of the same reserves based upon production history and production practices will result in variations in the estimated reserves and such variations could be material.

In accordance with applicable securities laws, the Corporation's independent reserves evaluator has used forecast prices and costs in estimating the reserves and future net cash flows as summarized herein. Actual future net cash flows will be affected by other factors, such as actual production levels, supply and demand for oil and natural gas, curtailments or increases in consumption by oil and natural gas purchasers, changes in governmental regulation or taxation and the impact of inflation on costs.

Actual production and cash flows derived from the Corporation's oil and gas reserves will vary from the estimates contained in the reserve evaluation, and such variations could be material. The reserve evaluation is based in part on the assumed success of activities the Corporation intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in the reserve evaluation will be reduced to the extent that such activities do not achieve the level of success assumed in the reserve evaluation. The reserve evaluation is effective as of a specific effective date and has not been updated and thus does not reflect changes in the Corporation's reserves since that date.

Management of Growth

The Corporation may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Corporation to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Corporation to deal with this growth may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Expiration of Licences and Leases

The Corporation's properties are held in the form of licences and leases and working interests in licences and leases. If the Corporation or the holder of the licence or lease fails to meet the specific requirement of a licence or lease, the licence or lease may terminate or expire. There can be no assurance that any of the obligations required to maintain each licence or lease will be met. The termination or expiration of the Corporation's licences or leases or the working interests relating to a licence or lease may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to portions of western Canada. The Corporation is not aware that any claims have been made in respect of its properties and assets; however, if a claim arose and was successful such claim may have a material adverse effect on the Corporation's business, financial condition, results of operations and prospects.

Seasonality

The level of activity in the Canadian oil and gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of swampy terrain. Seasonal factors and unexpected weather patterns may lead to declines in exploration and production activity and corresponding declines in the demand for the goods and services of the Corporation.

Consulting Services

Reliance on Key Persons for Advisory Services

The Issuer’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 Issuer’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 Issuer'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 Issuer'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.

7. DIVIDENDS

49 North has never paid dividends on its common shares. The Board has not adopted a dividend policy and there is no assurance that a dividend policy will be adopted in the future. Subject to applicable solvency test provisions of the SBCA and the preferential rights of the holders of first or second preferred shares that may be issued in the future, if any, 49 North is not precluded from paying dividends on its common shares.

8. DESCRIPTION OF SECURITIES

Share Capital

Our authorized capital consists of 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. As of December 31, 2010, 12,298,483 common shares were issued and outstanding; and, as of March 31, 2011, 15,135,677 common shares were issued and outstanding, after accounting for common shares issued in the Roll-over Transactions with the 2010 Fund that was completed in February of 2011. There are no outstanding first preferred or second preferred shares. A brief summary of the characteristics of the common shares, first preferred shares and second preferred shares is given below.

- *Common Shares:* Each common share entitles its holder to receive notice of and attend all annual and special meetings of shareholders of the Issuer, other than meetings at which only the holders of another particular class or series are entitled to vote and each such common share entitles its holder to one vote. The holders of common shares are entitled to receive, out of amounts properly applicable to the payment of dividends, such dividends on the common shares as may be declared by and in the discretion of the Board from time to time. Additionally, the holders of common shares are entitled to share equally in any distribution of the assets of the Issuer upon the liquidation, dissolution or winding up of the Issuer or other distribution of its assets among its shareholders. The rights of the holders of common shares to participate in dividends and upon winding-up of the Issuer are subject to the prior rights, privileges, restrictions and conditions attached to any issued and outstanding first preferred shares or second preferred shares.

- *First Preferred Shares:* First preferred shares may be issued from time to time in one or more series, with the terms of each series, including the number of shares, the designation, rights, including voting rights, preferences, privileges, priorities, restrictions, conditions and limitations to be determined at the time of creation of each such series by the Board without shareholder approval, provided that all first preferred shares will rank, with respect to dividends and return of capital in the event of liquidation, dissolution, winding up or other distribution of assets of the Corporation for the purposes of winding up its affairs, *pari passu* among themselves and in priority to all outstanding common shares and any outstanding second preferred shares.

- *Second Preferred Shares:* Second preferred shares may be issued from time to time in one or more series, with the terms of each series, including the number of shares, the designation, rights, including voting rights, preferences, privileges, priorities, restrictions, conditions and limitations to be determined at the time of creation of each such series by the Board without shareholder approval, provided that all second preferred shares will rank, with respect to dividends and return of capital in the event of liquidation, dissolution, winding up or other distribution of assets of the Issuer for the purposes of winding up its affairs, *pari passu* among themselves, subject to the rights, privileges, restrictions and conditions attached to any issued and outstanding first preferred shares and in priority to all common shares.

Additionally, the Corporation has outstanding certain convertible securities to purchase common shares, a brief summary of which is given below. For details respecting common shares issuable pursuant to the Corporation's

2008 Stock Option Plan and Shareholders Rights Plan, please see discussion under Item 8, "Description of Securities - Plans".

- *2008 Debentures:* The 2008 Debentures were issued pursuant to a trust indenture dated July 24, 2008 between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as trustee. Subject to the detailed terms and conditions of that trust indenture, the 2008 Debentures have a three-year term maturing July 24, 2011 and bear interest from July 24, 2008 at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, is to be paid on July 24 in each of 2009 and 2010 and on maturity. The 2008 Debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5 p.m. (Toronto time) on July 23, 2011, into fully paid, non-assessable common shares at a conversion price of (i) $11.00 per share if converted prior to July 24, 2009, (ii) $11.75 per share if converted on or after July 24, 2009 and before July 24, 2010, and (iii) $12.50 per share if converted on or after July 24, 2010 and prior to the conversion expiry time. Where debentures are converted, interest accruing due but otherwise unpaid to the date preceding the date of conversion will be paid promptly following such date.

Subject to certain conditions precedent, we may redeem the 2008 Debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date plus a premium equal to 6% of the outstanding principal amount if redeemed prior to July 24, 2009, 4% of the outstanding principal amount if redeemed on or after July 24, 2009 but before July 24, 2010, or 2% of the outstanding principal amount if redeemed on or after July 24, 2010 and prior to maturity. These conditions precedent include the requirement that (i) we send notice of our intent to redeem the debentures and of the proposed redemption date to all 2008 Debenture holders at least 60 days and not more than 90 days prior to such redemption date, (ii) at the time of sending such notice, the weighted average trading price of our common shares for the 60 days preceding the date of the notice is equal to or exceeds the then applicable conversion price, and (iii) on the redemption date, we must redeem all of the outstanding 2008 Debentures that have not been converted into common shares in accordance with the terms of the trust indenture. The 2008 Debentures are unsecured and are subordinated to substantially all of the Issuer's other present and future indebtedness. As at March 31, 2011, all of the 2008 Debentures remain outstanding.

- *2009 Private Placement Warrants:* Each warrant entitles the holder thereof to acquire one common share of the Corporation at a price of CDN $3.50 per share for a period of 2 years from the date of issue. As at March 31, 2011, after taking into account various exercises of warrants and broker warrants, 4,047,813 warrants are outstanding.

- *2009 Private Placement Broker Warrants:* Each broker warrant entitles the holder thereof to acquire one unit comprised of one common share and one common share purchase warrant, exercisable at $3.50 within two years of the date of issue of the broker warrant. As at March 31, 2011, 207,220 broker warrants are outstanding.

- *2010 Debentures:* The 2010 Debentures were issued pursuant to a trust indenture agreement dated September 23, 2010 between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as Trustee. Subject to the detailed terms and conditions of the trust indenture, the 2010 Debentures mature September 23, 2013 and bear interest from the date of issue at 8% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on September 23 in each of 2011, 2012 and at maturity. The 2010 Debentures are convertible at the option of the respective holders, and at any time or from time to time prior to 5:00 p.m. (Toronto Time) on the business day immediately preceding the maturity date or the business day preceding the date the debentures are redeemed into common shares of 49 North at a conversion price of: (i) $4.00 per share if converted prior to September 23, 2011; (ii) $4.25 per share if converted on or after September 23, 2011 and before September 23, 2012; and (ii) $4.50 per share if converted on or after September 23, 2012. Where debentures are converted, interest accruing due but otherwise unpaid to the date preceding the date of conversion will be paid promptly following such date.

Subject to certain terms and conditions 49 North may redeem the 2010 Debentures prior to maturity at a redemption price equal to their principal amount plus interest due or accruing due prior to the date of redemption and a premium equal to: (i) 6% of the outstanding principal amount of the debentures if redeemed prior to September 23, 2011; (ii) 4% of the outstanding principal amount of the debentures if redeemed on or after September 23, 2011 but before

September 23, 2012; or (ii) 2% of the outstanding principal amount of the debentures if redeemed on or after September 23, 2012. The terms and conditions for redemption of the 2010 Debentures include the requirement that: (i) We send notice of our intention to redeem the debentures and of the proposed redemption date to all 2010 debenture holders at least 60 days and not more than 90 days prior to such redemption date; and (ii) On the redemption date, we must redeem all the outstanding 2010 debentures that have not been converted into common shares in accordance with the terms of the trust indenture. The 2010 Debentures are unsecured and are subordinated to substantially all of the Issuer's other present and future indebtedness. As at March 31, 2011, all of the 2010 Debentures remain outstanding.

Plans

2008 Stock Option Plan

Our shareholders approved a stock option plan (the "2008 Stock Option Plan") at our annual and special meeting held June 4, 2008. The purpose of the 2008 Stock Option Plan is to attract, retain and motivate Directors, Employees and Consultants (as those terms are defined in the Plan in accordance with policies of the TSXV) and to advance the interests of 49 North by providing such persons with the opportunity, through Options (as defined in the Plan), to acquire an equity interest in the Issuer. The plan, which is a "rolling" plan for the purpose of TSXV policies, is administered by the Board and authorizes the Board to grant stock options on the following terms:

(a) the total number of shares that may be reserved pursuant to Options may not exceed 10% of the issued and outstanding shares of the Issuer as at the date of the grant.

(b) the number of shares subject to each Option is determined by the Board provided that:

(i) in no case will an insider be granted an Option where: (i) the number of shares that may be purchased by insiders pursuant to Options, and any other incentive stock options granted by the Issuer, exceed 10% of the Issuer's issued and outstanding shares; or (ii) the Options, and any other incentive stock options granted by the Issuer, granted to insiders in any 12 month period exceed 10% of the Issuer's issued and outstanding shares, in each case determined at the date of grant;

(ii) in no case will a Director or Employee be granted an Option where the number of shares that may be purchased by that Director or Employee pursuant to Options, and any other incentive stock options granted by the Issuer, in any 12 month period exceed 5% of the Issuer's issued and outstanding shares, determined at the date of grant;

(iii) in no case will a Consultant be granted an Option where the number of shares that may be purchased by that Consultant pursuant to Options, and any other incentive stock options granted by the Issuer, in any 12 month period exceed 2% of the Issuer's issued and outstanding shares, determined at the date of grant; and

(iv) in no case will the aggregate number of shares that may be purchased pursuant to Options granted to persons conducting Investor Relations Activities (as defined in the Plan) exceed 2% of the Issuer's issued and outstanding shares in any 12 month period, determined at the date of grant.

(c) subject to the minimum price of $0.10, the exercise price of an option may not be less than the "Discounted Market Price" (as defined by the policies of the TSXV) which, for these purposes means, the last closing price of the shares before the date of the stock option grant, less any discount allowed by the TSXV. However, if options are granted within 90 days of a public distribution of shares by a prospectus, then the minimum exercise price must be the greater of the Discounted Market Price and the per share price paid by public investors for shares acquired in the prospectus distribution.

(d) options may be exercisable for a maximum of 10 years from the date of grant, or such shorter period as may be determined by the Board in connection with any particular options granted pursuant to the Plan, provided that options can only be exercised while the optionee is, or within 90 days of ceasing to be, a Director, Employee or Consultant or, if the optionee dies, within one year of the optionee's death. As an exception to the foregoing, options that expire either during a blackout period imposed by the Issuer or within 10 business days following such blackout period shall be deemed to expire on the date that is the 10th business day following such blackout period. For these purposes, "blackout period" means the period during which trading in the securities of the Issuer by insiders is restricted in accordance with the policies of the Issuer.

(e) Options granted pursuant to the Plan are non-assignable and non-transferable (subject to certain provisions of the Plan which, in the event of an optionee's death or incapacity, allow options to be exercised by the optionee's estate or other personal representatives as applicable); and

(f) the Plan includes conventional anti-dilution adjustment provisions pursuant to which if the shares of the Corporation are subdivided or consolidated or, subject to the Board's discretion, if a stock dividend is paid on the shares, then the number of shares reserved for option and the price payable for shares that are subject to option will be adjusted accordingly; as well as conventional anti-dilution adjustments that may apply upon or as a result of certain stated events, such as a reclassification of common shares, certain types of rights offerings or other distributions (excluding cash dividends paid in the ordinary course), corporate reorganizations, or an amalgamation (or certain other types of merger or acquisition transactions) where the Issuer combines with or is acquired by another company or entity. Additionally, the Plan includes provisions where, in the event of a take-over bid or certain reorganization or merger or acquisition transactions, all unexercised options will immediately become vested (regardless of the vesting conditions, if any, otherwise applicable to such options) and/or the Board may accelerate the expiry date of options.

Effective December 31, 2010, there were 630,000 common shares issuable under Options with a weighted average exercise price of $2.20 per share.

Shareholder Rights Plan

At our June 4, 2008 annual and special meeting, our shareholders approved a "Shareholder Rights Plan", the principal objectives of which are to provide adequate time for our directors and shareholders to assess an unsolicited take-over bid for the Issuer, to provide the directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid. The Shareholders Rights Plan was established pursuant to a shareholder rights plan agreement made as of June 4, 2008 with Equity Transfer & Trust Company, as rights' agent. A copy of this shareholders rights plan agreement is available at www.sedar.com and is incorporated by reference in this annual information form.

Normal Course Issuer Bids

On August 4, 2010 the Issuer announced its intention, and its receipt of all required regulatory approvals, including approval by the TSXV, to make a normal course issuer bid (the "2010 NCIB") for up to 1,009,345 of its common shares, representing approximately 10% of 49 North's public float. The 2010 NCIB commenced on August 7, 2010 and will continue until the earlier of August 6, 2011 and the date which 49 North 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 49 North under the 2010 NCIB will be cancelled.

The 2010 NCIB is the fourth consecutive normal course issuer bid undertaken by the Issuer, beginning with the Former Partnership in July 2007. During the fiscal year ended December 31, 2008, the Issuer repurchased 92,600 common shares, 140,800 common shares during the fiscal year ended December 31, 2009 and 398,900 common shares during the fiscal year ended December 31, 2010. To date in 2011, the Issuer has repurchased 42,700 of its common shares.

9. MARKET FOR SECURITIES

Trading Price and Volume

Our common shares are listed on the TSXV (trading symbol FNR). The following table includes the high and low prices and the volume of common shares traded on the TSXV for each month in our financial year ended December 31, 2010 and in the first three months of 2011.

	High	Low	Monthly Volume
January, 2010	$2.20	$1.56	423,993
February, 2010	2.30	1.75	1,092,383
March, 2010	2.75	2.00	1,014,892
April, 2010	2.55	2.30	481,598
May, 2010	2.64	2.27	649,319
June, 2010	2.48	1.88	624,523
July, 2010	2.05	1.59	412,782
August, 2010	1.88	1.60	351,627
September, 2010	1.91	1.68	858,126
October, 2010	2.70	1.78	715,497
November, 2010	2.72	2.15	915,414
December, 2010	3.02	2.52	711,633
January, 2011	3.05	2.50	592,323
February, 2011	3.24	2.69	1,184,766
March, 2011	4.08	3.15	2,675,140

Prior Sales

Outlined below is a summary if the securities which 49 North issued during the financial year ended December 31, 2010, which are not listed or quoted on a marketplace.

The Corporation raised aggregate gross proceeds in the amount equal to $4,690,800 in two closings of its brokered private placement offering of 8% convertible, unsecured, subordinated debentures (the “2010 Debentures”), held September 23, 2010 and October 12, 2010. The 2010 Debentures were issued in denominations of $100 and integral multiples thereof with a minimum subscription amount (and minimum face value per 2010 Debenture) of $5,000. For further discussion regarding the issuance of the 2010 Debentures, please refer to Item 2, “General Development of the Business - Three Year History - 2010 Convertible Debentures”.

On March 25, 2010 and June 18, 2010, the Corporation issued an aggregate of 300,000 options, exercisable at $2.35 per share. On October 15, 2010, the Corporation issued 60,000 options, exercisable at $2.00 per share. For further details regarding option grants by the Corporation, please refer to Item 8, “Description of Securities - Plans – 2008 Stock Option Plan”.

10. MANAGEMENT

Directors and Officers

The following table sets forth, as of the date of this annual information form, the names and municipalities of residence of each of our directors and executive officers; the number of common shares beneficially owned, or controlled or directed, directly or indirectly, by such directors and officers and the percentage of the total number of outstanding common shares that such shares represent; the respective positions and offices of such individuals with 49 North and the date they each first became a director; and their respective principal occupations during the past five years. Generally, unless a director resigns or becomes disqualified, each director holds office until the next annual meeting of the Issuer.

Name and Municipality of Residence[1]	Common Shares Owned or Controlled as of March 31, 2011[2]	Office or Position[3]	Principal Occupation
Tom MacNeill Saskatoon, SK Canada	1,682,197	President, Chief Executive Officer and Director, since July, 2005	President and Chief Executive Officer of 49 North Resources Inc.
Andrew Davidson Saskatoon, SK Canada	Nil	Chief Financial Officer and Secretary since October, 2010	Chief Financial Officer of 49 North Resources Inc. Chartered Accountant Hergott Duval Stack LLP May, 2007 – September, 2010. Chartered Accountant KMSS LLP May, 2003 – April, 2007.
Bradley R. Munro[4] Saskatoon, SK Canada	5,000	Director, since January, 2008	President & CEO of Bittercreek Capital Corporation since May 2006. Vice President, Investments of Growthworks Capital WV Ltd. or predecessor companies and affiliates September, 1991 - August, 2009.
Stephen Halabura[4] Saskatoon, SK Canada	40,000	Director, since June, 2009	President & CEO of Concept Forge Inc. since October, 2009. President & CEO of North Rim Exploration Ltd. 1984 – October, 2009.
Jeffrey Green Toronto, ON Canada	50,000	Director, since June, 2009	Managing Partner of Jovian Asset Management Inc. since October, 2004.
C. Michael Ryer[4] Calgary, AB Canada	10,000	Director, since June, 2010	Of Counsel, Heddema & Partners LLP since June, 2010. Justice with the Federal Court of Appeal October, 2006 – December, 2009.

Notes:

1. Each director is independent with the exception of Tom MacNeill, the President and Chief Executive Officer of the Issuer, and Stephen Halabura. Mr. Halabura is a director of the Corporation's subsidiary, North Rim Exploration Ltd. ("North Rim"), and also provides technical and business advisory services to North Rim pursuant to an Advisory Services Agreement dated for reference November 9, 2009 between North Rim, Stephen Halabura in his personal capacity and Concept Forge Inc.

2. As of March 31, 2011, the directors and officers of the Issuer, as a group, beneficially own directly or indirectly, or exercise control or direction over 1,787,197 common shares representing approximately 11.81% of the Issuer's issued and outstanding common shares.

3. Includes, where applicable, serving as director and officer of the General Partner of the Former Partnership prior to the Issuer's conversion to its current corporate structure in the January 2008 Conversion Transaction.

4. Member of Audit Committee. Mr. Brad Munro serves as the Chair of the Audit Committee.

Penalties, Sanctions and Bankruptcy

Except as discussed below with respect to Mr. Brad Munro: (a) no director or executive officer of the Issuer is, as at the date of this annual information form, or was, within 10 years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation that was in effect for more than 30 consecutive days and that was issued (i) while he was acting in the capacity as a director, chief executive officer or chief financial officer of such company, or (ii) after he ceased to be a director, chief executive officer or chief financial officer of such company but which resulted from an event that occurred while he was acting in the capacity as director, chief executive officer or chief financial officer of such company; and (b) no such director or executive officer or a shareholder holding a sufficient number of securities to affect materially the control of the Issuer (i) is, as at the date of this annual information form, or has been, within 10 years before the date of this annual information form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or (iii) was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

As an exception to the foregoing, Mr. Brad Munro was a director of Kipp & Zonen Inc. ("Kipp & Zonen"), as part of his employment with Growthworks WV Canadian Fund Inc. (formerly Working Ventures Canadian Fund Inc.) ("GrowthWorks") from December 1996 to April 10, 2004. GrowthWorks held a convertible debenture totalling $2,000,000 which was originally funded in 1996 with a maturity in March, 2001. In addition to that debenture, GrowthWorks held approximately 2.6 million common shares, or 15.1%, of the issued and outstanding shares of Kipp & Zonen. On March 25, 2004, Kipp & Zonen was served with a Notice of Petition for Receiving Order by its landlord, Squires Properties Limited. The filing was for unpaid rent in the amount of $134,925.26 plus damages of $200,000 for future lost rent. On April 7, 2004 GrowthWorks served Kipp & Zonen with a Notice of Intention to Enforce Security under the *Bankruptcy and Insolvency Act* (Canada) under the terms of its amended and restated convertible debenture dated March 31, 2002 and, on April 21, 2004, GrowthWorks obtained an Order of the Saskatchewan Court of Queen's Bench appointing Ernst & Young Inc. receiver of all of the undertaking, property and assets of Kipp & Zonen. Effective April 19, 2004, Mr. Munro and all of the other directors and officers of Kipp & Zonen resigned.

Also, Mr. Brad Munro is a director of Winalta Inc. Winalta Inc. and each of its subsidiaries, (collectively "Winalta") obtained creditor protection under the *Companies' Creditors Arrangement Act* (Canada) (the "CCAA") pursuant to an order granted on April 26, 2010 by the Court of Queen's Bench of Alberta (the "Court"). Deloitte & Touche Inc. was appointed as Winalta's monitor. The CCAA filing followed the receipt on March 31, 2010 by Winalta and its subsidiaries of demands for payment and Notices of Intention to Enforce Security from Winalta's principal lender, HSBC Bank of Canada. On October 22, 2010, Winalta received Court and creditor approval of a plan of arrangement (the "Plan") pursuant to the CCAA under which it amalgamated with certain of its subsidiaries and, effective October 29, 2010, emerged from CCAA protection to begin focused operations on its oilfield services business. The board of directors maintained its usual role during the period while Winalta was under CCAA protection and, together with management, was primarily responsible for formulating the Plan for restructuring Winalta's affairs.

The Portfolio Manager

TMM manages the Issuer's investment portfolio as well as managing the investment portfolios of the 49 North Flow-Through Funds. TMM, which was incorporated pursuant to the SBCA on May 30, 2005 under the name 101070469 Saskatchewan Ltd. and amended its articles July 26, 2005 to change its name to TMM Portfolio Management Inc., is registered as a portfolio manager and investment fund manager in the Province of Saskatchewan. Apart from providing portfolio management services to members of the 49 North Group, TMM is not currently providing services to any other fund, company or person. Mr. Tom MacNeill, a director and the Chief Executive Officer of the Corporation, is the sole shareholder, director and officer of TMM.

TMM was originally appointed as the manager of the Issuer's investment portfolio pursuant to an investment management agreement made September 30, 2005 as amended and restated effective October 26, 2006; which agreement was subsequently terminated as part of the January 2008 Conversion Transaction at which time the Issuer and TMM entered into a new portfolio management agreement dated as of January 1, 2008 (the "Portfolio Management Agreement").

Pursuant to the Portfolio Management Agreement, TMM provides advice to 49 North and, subject to the overall power of the Board to supervise and manage the company, manages the Issuer's investment portfolio. The duties and authority of the TMM include identifying, analyzing and selecting investment opportunities in the resource sector; monitoring the performance of resource issuers and, more generally, determining if and when to dispose of securities in the portfolio and identifying, analyzing and selecting resource issuers in which the proceeds of any such dispositions may be reinvested. Since January 1, 2008, TMM has been entitled to be paid a quarterly management fee equal to 0.5% of the net asset value of the Issuer calculated as of the last business day of the relevant fiscal quarter, which management fee is payable on or prior to the end of the month next following the relevant fiscal quarter; and in each fiscal year of the Issuer starting with its fiscal year ending December 31, 2008, TMM is entitled to receive a 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 or other distributions per common share made during that fiscal year, exceeds the greater of $16.34 and the net asset value per share as of the last business day of the preceding fiscal year. Any such performance bonus shall be payable within 30 days following the end of the fiscal year to which it relates. Management fees and, if applicable, any performance bonus, not paid by the due dates described above bear interest at prime plus 2% until paid in full. Additionally, the Issuer is required to reimburse TMM for all expenses reasonably and properly incurred in performing its duties and obligations under the Portfolio Management Agreement, provided that such reimbursements are not intended to and do not include any charges for overhead or profit, it being specifically acknowledged in the Portfolio Management Agreement that such overhead and profit has been taken into consideration in determining the management fees and, if applicable, performance bonus, payable as described above. Prior to the January 2008 Conversion Transaction, TMM was entitled to receive substantially similar compensation from the Former Partnership.

In performing its duties under the Portfolio Management Agreement, TMM must comply with the Issuer's Investment Guidelines; act honestly, in good faith and in the best interests of the Issuer, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and disclose any conflicts in writing to the Board. The Portfolio Management Agreement also provides that TMM must report regularly to the Board and in any event whenever requested by the Board and the Board must review and approve all portfolio transactions involving (a) an acquisition or disposition of securities at a price representing in excess of 10% of the net asset value of the portfolio; (b) a disposition of securities representing greater than 50% of the Issuer's position in any particular resource issuer at a price below the book value of such securities; and (c) all portfolio transactions involving a conflict of interest on the part of TMM. The Portfolio Management Agreement also provides that TMM will not be liable in any way for any loss, default, failure, or defect in any of the securities comprising the portfolio, unless such loss, default, failure or defect is attributable to the failure of the TMM to satisfy the standard of care described above.

TMM's appointment may be terminated by either the Issuer or TMM on 30 days' written notice, and such appointment may also in certain cases be terminated earlier if TMM or the Issuer becomes bankrupt or insolvent or if any of the registrations necessary for TMM to perform its duties under the Portfolio Management Agreement are no longer in full force and effect. The appointment may also be terminated by either party as a result of a breach or default of the provisions of the Portfolio Management Agreement which are not cured within a prescribed period.

Conflicts of Interest

Each director and officer of the Issuer also is or has been a director and/or officer of the general partners of one or more of the 49 North Flow-Through Funds; the Issuer's portfolio manager, TMM, has also been the portfolio manager of each 49 North Flow-Through Fund; and Mr. Tom MacNeill, the President and Chief Executive Officer and a director of the Issuer, 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 Issuer, and especially Mr. MacNeill, acting on the one hand in their capacity as an officer and/or director of the Issuer 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 Issuer and other funds or entities, outside of the 49 North Group, of which the directors and officers of the Issuer 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 Issuer 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 Issuer. More generally, the services of the officers and directors of the Issuer and of TMM are not exclusive to the Issuer, including its subsidiaries. The officers and directors of the Issuer and their affiliates may engage in activities for their own account which compete with the Issuer. 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 issuers in which the Issuer and/or the officers and directors of the Issuer and/or their affiliates invest. Conflicts of interest may also arise in the enforcement of the terms and conditions of the Portfolio Management Agreement and other agreements to which the Issuer is now or may in the future become a party, whether such agreements are being enforced by or against the Issuer.

11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL AGREEMENTS

Roll-over Transactions

The directors and officers of the Issuer from time to time have also generally been the directors and officers of the general partners of the respective 49 North-Flow Through Funds at the time of the respective "Roll-over Transactions" between the Issuer and the respective Funds, whereby the respective assets of such Funds were transferred to, and in exchange for shares (or, prior to 2008, units of the former Partnership) of the Issuer. See in this regard the discussion under "Roll-over Transactions with 49 North Flow-Through Funds" in Item 2 of this annual information form, "General Development of the Business - Three Year History". As noted above in Item 10 and elsewhere in this annual information form, the directors and officers of the Issuer hold securities of 49 North. Otherwise, except as noted below, none of the directors or officers held, acquired or received any securities, compensation or other interest in, of or from either the Issuer or the relevant 49 North Flow-Through Fund as a result of or in connection with any of the Roll-Over Transactions. As a limited exception to the foregoing, the respective partnership agreements of each of the 49 North Flow-Through Funds contained provisions whereby the respective general partners of the respective Funds were entitled to receive 0.01% of the assets distributed upon the winding-up of the Fund, such that 0.01% of the Issuer's shares (or units of the former Partnership) that were issued in such Roll-over Transactions were distributed to the general partner of the relevant Fund. Mr. MacNeill is (or at the time of the transactions was) the sole shareholder of such general partners. Also, Mr. MacNeill is the President and sole director and officer of TMM, which receives management fees and may receive an annual performance bonus pursuant to the Portfolio Management Agreement as discussed in Item 10 of this annual information form, "Management - The Portfolio Manager". Apart from this, Mr. MacNeill has from time to time loaned money and/or provided credit facilities to the Issuer or one or more of the 49 North Flow-Through Funds, the particulars of which have been disclosed in previous public filings of the Issuer and/or of the relevant 49 North Through Fund, including Issuer's annual financial statements for its fiscal years ended December 31, 2006, 2007 and 2008.

2009 Private Placement

In the 2009 private placement offering completed by the Issuer and discussed above under "2009 Private Placement" in Item 2 of this annual information form, "General Development of the Business - Three Year History", Mr. Tom MacNeill subscribed for 945,454 units at a subscription price of $2,599,998.50 and Mr. Stephen Halabura, a director of 49 North, subscribed for 40,000 units at a subscription price of $110,000. The units purchased by Mr. MacNeill and one-half of the units purchased by Mr. Halabura were issued in exchange for the transfer to 49 North of certain shares of Athabasca Potash Inc. (TSX: API), Westcore Energy Ltd. (TSX Venture: WTR), NuCoal Energy Corporation (a private company) and Prairie Hunter Energy Corporation (a private company) by Mr. MacNeill and Mr. Halabura (the "Transferred Securities"). All of the Transferred Securities meet 49 North's investment criteria and the valuation of the Transferred Shares was approved on behalf of 49 North by a committee comprised of independent members of its board of directors who had no interest in the transactions.

Acquisition of Shares of North Rim Exploration Ltd.

With respect to the acquisition of 750,000 Class "A" common shares (the "NREL Shares") of North Rim Exploration Ltd. ("NREL") discussed above under "Acquisition of Shares of North Rim Exploration Ltd." in Item 2 of this annual information form, "General Development of the Business - Three Year History", the NREL Shares were acquired from North Rim Holdings Ltd. and The Halabura Family Trust such that Steven Halabura, a director of 49 North, indirectly owned or controlled all of the NREL Shares. Mr. Halabura also provides technical and business advisory services to North Rim pursuant to an Advisory Services Agreement dated for reference November 9, 2009 between North Rim, Stephen Halabura in his personal capacity and Concept Forge Inc.

Agreement with Westcore Energy Ltd.

With respect to the agreement to sell up to a 80% interest in 49 North's rights under the Manitoba coal exploration permits discussed above under "Mineral Property Acquisition and Agreement with Westcore Energy Ltd." in Item 2 of this annual information form, "General Development of the Business - Three Year History", Tom MacNeill, personally, his father, William MacNeill and brother, Kenneth MacNeill are each 10% security holders of Westcore.

Participation Agreements with Allstar Energy Limited

The Corporation's subsidiary Allstar Energy Limited entered two working interest arrangements with Lakeco Holdings Ltd. ("Lakeco"). In accordance with the first agreement, which covers the five "phase 1" horizontal Viking wells, Lakeco committed to funding 10% of the drilling costs in exchange for 7% of the net production from the "phase 1" wells. Under the second agreement, which covers the five "phase 2" horizontal Viking wells, Lakeco committed to funding 13.73% of the drilling costs in exchange for 10.73% of the net petroleum production from the "phase 2" wells. Lakeco is a private Alberta corporation and Tom MacNeill's father, Mr. William MacNeill is the sole director, officer and shareholder of Lakeco.

Except as described above in this Item 11, no director or executive officer of the Issuer, or known associate or affiliate of any such person, had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that that has materially affected or is reasonably expected to materially affect the Issuer.

12. TRANSFER AGENT AND REGISTRAR

As of April 4, 2011, Alliance Trust Company, acting from its office in Calgary, Alberta, is the transfer agent and registrar for all of the Issuer's securities. Prior to April 4, 2011, Equity Financial Trust Company was the Issuer's transfer agent and registrar.

13. MATERIAL CONTRACTS

The only material contracts that the Issuer entered into in its most recently completed financial year, to date in its current financial year, or before its most recently completed financial year but that are still in effect, other than in the ordinary course of business, are as follows:

(a) a Portfolio Management Agreement made January 1, 2008 between the Issuer and TMM as portfolio manager, referred to herein under Item 10, "Management - The Portfolio Manager";

(b) agreements relating to Roll-over Transactions with 49 North Flow-Through Funds, as described in Item 2 of this annual information form, "General Development of the Business - Three Year History – Roll-over Transactions with 49 North Flow-Through Funds" including:

(i) a transfer agreement made November 5, 2009 with the 2009 Fund, pursuant to which, effective February 1, 2010, the Issuer acquired all of the assets of the 2009 Fund on a share exchange basis; and

(ii) a transfer agreement made December 1, 2010 with the 2010 Fund, pursuant to which, Effective February 1, 2011, the Issuer acquired all of the assets of the 2010 Fund on a share exchange basis;

(c) a shareholder rights plan agreement made June 4, 2008 between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as rights agent, as described in Item 8 of this annual information form, "Description of Securities - Plans";

(d) a trust indenture between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as trustee, relating to the creation and issuance of the 2008 Debentures, as described in Item 2 of this annual information form; and

(e) a trust indenture between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as trustee, relating to the creation and issuance of the 2010 Debentures, as described in Item 2 of this annual information form.

14. EXPERTS

The Issuer's auditors, Hergott Duval Stack LLP, Chartered Accountants, of, Saskatoon, Saskatchewan, are named in the Auditor's Report contained in the Issuer's audited financial statements for the financial year ended December 31, 2010, as having reported on such financial statements. Hergott Duval Stack LLP, Chartered Accountants, has been the Issuer's auditor since its inception in 2005. Hergott Duval Stack LLP has advised that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Saskatchewan.

Reserve estimates and certain other information contained in this annual information form by reference are derived from a report prepared by Fekete, an independent reserves evaluator. As at the date hereof, to the knowledge of the Issuer, the directors, officers and associates of Fekete, as a group, do not beneficially own, directly or indirectly, any common shares of the Issuer.

15. AUDIT COMMITTEE INFORMATION

Audit Committee Charter

The following is the complete text of the charter of our audit committee:

COMPOSITION: The Corporation shall have an audit committee (the "Committee") consisting of at least three directors of the Corporation, and such additional directors (collectively, "Members") as the board of directors of the Corporation (the "Board") may from time to time determine. The chair and a majority of the Members, must be persons who are not officers or employees of the Corporation or any of its affiliates.

Members are appointed to the Committee by the Board, with indefinite terms as the Board deems appropriate, provided that any Member who ceases to be a director of the Corporation shall thereupon automatically also cease to be a member of the Committee.

RELATIONSHIP WITH EXTERNAL AUDITOR: The Corporation's external auditor (the "Auditor") shall report directly to the Committee.

MANDATE: The Committee is generally responsible for, and exercises control and supervision over, the Corporation's accounting and financial reporting systems and controls, and compliance with the Corporation's reporting requirements under securities legislation and other applicable laws.

The Committee is responsible to and reports directly to the Board and serves as a direct communications link between the Corporation, its Auditor, Board and management.

Members of the Committee are expected to obtain a reasonably detailed understanding of the Corporation's accounting and financial systems and controls and sufficient knowledge of securities and other regulatory requirements to enable them to discharge their duties and responsibilities under this Charter.

DUTIES AND RESPONSIBILITIES: Without limiting the generality of the Committee's mandate, the Committee shall:

(a) recommend to the Board:

(i) the external auditor to be nominated for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation; and

(ii) the compensation of the external auditor;

(b) be directly responsible for overseeing the work of the external auditor engaged for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditor regarding financial reporting;

(c) pre-approve all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditor;

(d) review the Corporation's annual and interim financial statements, MD&A and, as applicable, related earnings press releases before the Corporation publicly discloses this information;

(e) satisfy itself that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements and periodically assess the adequacy of those procedures;

(f) establish procedures for:

(i) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls, or auditing matters; and

(ii) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters; and

(iii) review and approve the Corporation's hiring policies regarding employees and former employees of the present and former external auditor of the Corporation.

AUTHORITY: The Committee has the authority to engage independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities, to set and pay the compensation for any advisors employed by the Committee and to communicate directly with the Corporation's internal and external auditors.

MEETINGS AND PROCEDURES:

(a) The Committee shall elect from its Members a Chair of the Committee, provided that no Member shall serve as Chair if he or she is also an officer of the Corporation or any of its affiliates.

(b) The time and place of meetings of the Committee and rules of procedure for the giving of notice and conduct of meetings of the Committee shall be determined from time to time by the Members of the Committee and, in the absence of such determination, the rules applicable to meetings of the Board as set forth in the Corporation's bylaws shall apply to meetings of the Committee provided that:

(i) the Committee shall meet at least twice annually and more frequently as circumstances dictate; and

(ii) the secretary of the Committee (who may but need not be a Member of the Committee) shall prepare minutes of all meetings of the Committee which minutes shall be distributed as soon as reasonably possible following the Meeting to all Committee Members and shall additionally be made available to all directors of the Corporation.

Composition of Audit Committee and Relevant Education and Experience

The audit committee was established by the Board. Its members include Brad Munro (Chair) and C. Michael Ryer, who are independent[2], and Stephen Halabura who is not considered independent by virtue of the fact that he indirectly receives consulting fees from NREL and received consideration from the Corporation at the time the Corporation acquired shares of NREL. Each member of the audit committee is financially literate[2]. Information regarding the education and experience of the members of the audit committee that is relevant to the performance of their responsibilities as a member of the audit committee includes, without limitation, the following:

(b) Brad Munro holds a Bachelor of Commerce Degree and has extensive experience in corporate finance and investment in the oil and gas and other industries through his involvement with Growthworks WV Ltd. (and its affiliates) from 1991 to 2009 and through his active involvement as a director of over 20 private and public companies during that time;

(c) The Honourable C. Michael Ryer holds bachelors' degrees in Arts and Law from the University of Saskatchewan and a master's degree in Law from the University of Toronto. For over 30 years, he practiced law with Bennett Jones LLP, specializing in income tax and corporate law with an emphasis on the oil and gas and mining industries. From 2006 to 2009, he served on the Federal Court of Appeal. Currently, he is counsel to Heddema & Partners LLP, a law firm affiliated with Deloitte & Touche LLP; and

(d) Stephen Halabura obtained his B.Sc. in Geology (Honors) degree in 1980 and his M.Sc. in Geology in 1983 from the University of Saskatchewan. In 1984, Mr. Halabura founded North Rim Exploration Ltd., a geoscience consulting company, which provides advisement in the potash, industrial and sedimentary minerals sectors. He is directly involved in a number of Saskatoon-based private junior resource exploration companies including, Rallyemont Energy Inc., NuCoal Energy Inc., Deep Earth Energy Production Corp. and Admiralty Energy Ltd. Mr. Halabura is also founder and sole shareholder of Concept Forge Inc., a private resource advisory firm.

External Auditor Fees

The following table discloses all fees billed to the Issuer and its subsidiaries by its external auditor, Hergott Duval Stack LLP, in each of its last two completed fiscal years.

Category	Fiscal Year	Fees ($)
Audit Fees[1]	2010 2009	112,074 58,897
Audit Related Fees[2]	2010 2009	57,601 41,654
Tax Fees[3]	2010 2009	9,000 13,644
All Other Fees[2]	2010 2009	10,542 -

Notes:

1. Audit fees billed respecting the Issuer, Allstar Energy Limited and Newsk Emerging Resources Ltd. Hergott Duval Stack LLP did not perform services relating to the Issuer's subsidiaries, North Rim Exploration Ltd. or Kimpar Resources Inc.

2. Audit related and other fees relate to the Roll-over Transactions with 49 North Flow-Through Fund(s), IFRS transition advice and quarterly financial statements for the Issuer, Allstar Energy Limited and Newsk Emerging Resources Ltd.

3. Tax fees relate to preparation of corporate income tax returns as well as other filing with respect to the Roll-over Transactions with 49 North Flow-Through Fund(s) and the Auditor's Consent required in the offering memorandum for the convertible unsecured subordinated debentures issued in 2010.

[2] The terms "independent" and "financially literate" as used herein have the meanings given such terms in National Instrument 52-110, *Audit Committees*.

16. OTHER MATERIAL INFORMATION

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

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities and securities authorized for issuance under equity compensation plans, is contained in the Issuer's management information circular dated April 7, 2011 in respect of its annual and special meeting held May 5, 2011 (being the most recent meeting involving the election of directors).

Additional financial information is provided in the Issuer's financial statements and MD&A for the financial year ended December 31, 2010.

Schedule "A"

FORM 51-101F2

**REPORT ON RESERVES DATA
BY
INDEPENDENT QUALIFIED RESERVES
EVALUATOR**

April 28, 2011

To: The Board of Directors of 49 North Resources Inc. (the "Company")

1. We have evaluated the Company's reserves data as at December 31, 2010. The reserves data are estimates of proved reserves and probable reserves and related future net revenue as at December 31, 2010, estimated using forecast prices and costs.

2. The reserves data are the responsibility of the Company's management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

   We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the "COGE Handbook") prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions presented in the COGE Handbook.

4. The following table sets forth the estimated future net review (before deduction of income taxes and minority interests) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2010, and identifies the respective portions thereof that we have evaluated and reported on to the Company's board of directors:

Independent Qualified Reserves Evaluator or Auditor	**Description and Preparation Date of Evaluation Report**	**Location of Reserves**	**Net Present Value of Future Net Revenue (before income taxes and interests, 10% discount rate, $M**			
		Country	**Audited**	**Evaluated**	**Reviewed**	**Total**
Fekete Associates Inc.	Kindersley Property, Saskatchewan as at December 31, 2010	Canada	-	28,627.70	-	28,627.70

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook. We express no opinion on the reserves data that we reviewed but did not audit or evaluate.

6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.

7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material. However, any variations should be consistent with the fact that reserves are categorized according to the probability of their recovery.

Executed as to our report referred to above:

Fekete Associates Inc. Calgary, Alberta, Canada, Dated: April 28, 2011

"Gary D. Metcalf"
Gary D. Metcalf, P. Eng.
Vice-President

Schedule "B"

FORM 51-101F3

**REPORT OF MANAGEMENT AND DIRECTORS
ON OIL AND GAS DISCLOSURE**

Management of 49 North Resources Inc. (the "Company") are responsible for the preparation and disclosure of information with respect to the Company's oil and gas activities in accordance with securities regulatory requirements. This information includes reserves data, which are estimates of proved reserves and probable reserves and related future net review as at December 31, 2010, estimated using forecast prices and costs.

An independent qualified reserves evaluator has evaluated the Company's reserve data. The report of the independent qualified reserves evaluator will be filed with securities regulatory authorities concurrently with this report.

The board of directors of the Company has:

a) reviewed the Company's procedures for providing information to the independent qualified reserves evaluator;

b) met with the independent qualified reserves evaluator to determine whether any restrictions affected the ability of the independent qualified reserve evaluator to report without reservation;

c) reviewed the reserves data with management and the independent qualified reserves evaluator.

The board of directors has reviewed the Company's procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

a) the content and filing with securities regulatory authorities of Form 51-101 F1 containing reserves data and other oil and gas information;

b) the filing of Form NI 51-101 F2 which is the report of the independent qualified reserves evaluator of the reserves data;

c) the content and filing of this report;

d) the content and filing of Form NI 51-104 F4 notifying where the reserves data and other oil and gas information can be found.

Because the reserves data are based on judgments regarding future events, actual results will vary and the variation may be material

*"Tom MacNeill"*_________________
Tom MacNeill
President and Chief Executive Officer

*"Andrew Davidson"*______________
Andrew Davidson
Chief Financial Officer and Security

*"Brad Munro"*___________________
Brad Munro
Director

*"Stephen Halabura"*______________
Stephen Halabura
Director

Dated: April 28, 2011