



Management's Discussion and Analysis

For the three months ended March 31, 2010

Date of Report: May 28, 2010

Overview:

This Management's Discussion and Analysis of the financial condition and results of operation ("MD&A") of 49 North Resources Inc. (the "Corporation") has been prepared based upon information available to the Corporation as at May 28, 2010 and should be read in conjunction with the interim, unaudited financial statements and the notes thereto as at and for the three months ended March 31, 2010 (the "current statements") and annual audited financial statements and the notes thereto as at and for the year ended December 31, 2009. All financial data in this MD&A is reported in Canadian dollars and has been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") unless otherwise indicated (see "Non-GAAP Measures").

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

Nature of the Business:

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

Overall Performance:

The economic climate in 2009 began with continued negative sentiment but as the year progressed signs of recovery began to emerge and capital markets showed some stability as commodity and stock prices increased from the lows experienced in late 2008. In fact, numerous stock and commodity prices increased significantly during the year. Going into 2010, the capital markets continued to improve and outlook was promising. However, recently, there has been more uncertainty with respect to sovereign debt in Europe. If the fears do not subside this could hinder a full economic recovery.

The Company realized net gains on the sale of investments in the first quarter of 2010. This realization was mainly the result of the disposition of the Athabasca Potash Inc. shares held by the Company. (See significant events.)

As at March 31, 2010, the fair value of the Company's investments was \$34,260,289 as compared to \$37,140,911 as at December 31, 2009 (a 7.8% decrease) and shareholders' equity stood at \$44,399,215 as at March 31, 2010 compared to \$31,955,460 as at December 31, 2009 (a 38.9% increase).

Despite the current state of the world market, 49 North remains committed to its investment strategy and long-term objectives. The Company believes that the continued volatility in stock prices will remain in the near term and may result in 49 North incurring realized losses on sales of its investments in order to generate cash needed to fund its operations. Additionally, if there are further declines in the trading prices of securities which 49 North holds, the Company may incur additional unrealized losses on its investments.

Selected Financial Information:

As the Company continues to grow and diversify its business strategy, the Company's financial results are now required to consolidate the financial results of both North Rim and Newsk Emerging Resources Ltd.

Balance Sheet Information In \$ 000's except per share data	March 31, 2010	December 31, 2009
Equity investments, at fair value	\$ 34,260	\$ 37,141
Total assets	55,434	42,072
Liabilities and Minority Interest	11,035	10,116
Shareholders Equity	44,399	31,956
Per share, basic	\$ 3.99	\$ 5.10
Per share, diluted	\$ 3.84	\$ 4.72

Statement of Operations Information In \$ 000's except per share data	Three Months ended March 31 ,	
	2010	2009
Consulting services	908	-
Net realized investment gains (losses)	15,494	(602)
Net unrealized investment gains	(7,220)	5,717
Interest and royalty income	99	-
	\$9,281	\$ 5,115
Expenses	2,173	509
Income before income taxes	7,108	4,606
Future income taxes	2,613	1,008
Minority interest	80	
Net Income	4,415	3,598
Earnings per share, basic	\$0.40	\$1.08
Earnings per share, diluted	\$0.39	\$0.98

Significant Events:

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

- **Rollover Transaction with 2009 Fund:** At three closings held November 16, 2009, December 4, 2009 and December 16, 2009, 49 North 2009 Resource Flow-Through Limited Partnership (the “2009 Fund”) raised \$8,328,800 on the sale of 832,880 flow-through units (the “2009 Units”), at \$10.00 per 2009 Unit, in an initial public offering that was carried out in all provinces and territories of Canada except Quebec pursuant to a prospectus dated November 5, 2009. Pursuant to a transfer agreement made November 5, 2009, effective February 1, 2010, the 2009 Fund transferred its assets – consisting of flow-through shares and warrants of 14 resource companies valued, after all adjustments, for the purposes of the transaction, at \$7,572,149 – to 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.
- **Realization on Early Stage Investment in Athabasca Potash Inc.:** On March 23, 2010 BHP Billiton Canada Inc. closed its acquisition of all of the issued and outstanding common shares of Athabasca Potash Inc. pursuant to a statutory plan of arrangement in accordance with section 186.1 of *The Business Corporations Act* (Saskatchewan) for \$8.35 cash per common share. Upon the divestiture of the 2,254,000 common shares of Athabasca Potash Inc. held by 49 North at the time of closing, 49 North received \$18,820,900 in cash. Based on the 12,754,883 shares then outstanding, this represented a cash injection of approximately \$1.47 per common share.
- **Stock Option Plan:** On March 25, 2010, the board of directors of the Company approved a grant of 280,000 stock options. 195,000 of the options were granted to directors and executive officers with the balance granted to employees. The options are exercisable at \$2.35 per share, and if not exercised, expire March 25, 2020, subject to earlier expiration in accordance with the 2008 Stock Option Plan and applicable policies of the TSX Venture Exchange.
- **Normal Course Issuer Bids:** On July 31, 2009 the Company announced its intention, and its receipt of all required regulatory approvals including approval by the TSXV, to make a normal course issuer bid (the “2009 NCIB”) for up to 720,823 of its common shares, representing approximately 10% of 49 North's public float at the time. The 2009 NCIB commenced on August 7, 2009 and will continue until the earlier of August 6, 2010 and the date which 49 North has acquired the maximum 720,823 common shares which may be purchased under the 2009 NCIB. The 2009 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 2009 NCIB will be cancelled. For the period August 7, 2009 to December 31, 2009, the Company purchased 67,000 common shares under this program at a cost of \$146,618 (on average, \$2.19 per share).

The 2009 NCIB is the third consecutive normal course issuer bid undertaken by the Company, beginning with the Former Partnership in July 2007. For the first three months of 2010, the Company repurchased 46,000 common shares pursuant to its normal course issuer bids at a total cost of \$100,978 (on average, \$2.20 per share).

- **Acquisition of AllStar Energy Limited:** Effective April 12, 2010 49 North acquired 89.5% of the issued and outstanding common shares of AllStar Energy Limited (“AllStar”), a private company with oil and gas assets in the Kindersley area of Saskatchewan. The 10.5% residual interest in AllStar is owned by the founders and operators of the private company. The acquisition provides 49 North with a significant interest in just over nine sections of highly prospective land underlain by the prolific Viking oil formation and represents a significant advancement of our oil and gas development strategy to be achieved through acquisition, joint venture and direct exploration. Generally characterized by high quality, economically successful light oil production, activity in the area dates back to the 1950's with most oil being recovered using traditional vertical well technology. Given the sizable area of this

established but relatively undeveloped field, we view the acquired assets as a prime opportunity for enhanced production capabilities using horizontal drilling and newly developed multi-stage fracture technology. 49 North acquired 10,548,502 AllStar shares for \$3,481,005.66 (\$0.33 per share)

➤ **Mineral Property Acquisition and Agreement with Westcore Energy Ltd.:** In March, 2009 the Corporation obtained approval for two coal exploration permits in Manitoba. 49 North received a 100% interest in Quarrying Exploration Permit Nos. QP-216 and QP-229 which were issued by Manitoba Innovation, Energy and Mines, Mines Branch for a term of three years commencing March 5, 2010 and authorize 49 North to explore for coal on the approximately 8,653 hectares covered by the permits. 49 North has also made three further applications for coal exploration permits respecting an additional 1,620 hectares of property in Manitoba, which applications are pending.

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 and pending 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.

Results of Operations:

Summary of Results:

The Company’s operating results for the quarter ended March 31, 2010 and for fiscal year ended December 31, 2009 is stated below.

Results of Operation	March 31, 2010	December 31, 2009
Revenues	\$9,281,515	\$ 16,315,530
Net income (loss) for the year	14,415,191	11,214,731
Earnings (loss) per share – basic	0.40	1.79
Earnings (loss) per share – diluted	0.39	1.74
Total assets	55,434,223	42,071,736
Total liabilities and Minority Interest	11,035,008	10,116,276
Shareholders’ equity	44,399,215	31,955,460

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

Quarterly Results of Operations (unaudited)				
In \$ 000's except per share data	Quarter ended			
	March 31, 2010	Dec 31, 2009	Sept. 30, 2009	June 30, 2009
Revenues	\$9,282	\$822	\$6,707	\$3,672
Net income (loss)	4,415	51	5,248	2,319
Earnings (loss) per share – basic	\$0.40	\$0.01	\$0.63	\$0.43
Earnings (loss) per share – diluted	\$0.39	\$0.01	\$0.61	\$0.39
	March 31, 2009	Dec. 31, 2008	Sept. 30, 2008	June 30, 2008
Revenues	\$5,115	\$(10,979)	\$(29,998)	\$ 15,694
Net income (loss)	3,598	(9,844)	(25,699)	11,838
Earnings (loss) per share – basic	\$1.08	\$(5.38)	\$(14.06)	\$ 6.40
Earnings (loss) per share – diluted	\$0.98	\$(5.38)	\$(14.06)	\$ 6.01

Three Months Ended March 31, 2010 and 2009:

For the three months ended March 31, 2010, the Company recorded pre-tax income of \$7,108,167 and net income, after tax, of \$4,415,191 (\$0.40 per share), compared to net income of \$3,597,747 (\$1.08 per share) in the three months ended March 31, 2009.

The Company's pre-tax income in first quarter 2010 of \$7,108,167 was based on revenue of \$9,281,515 less recorded expenses of \$2,173,348; compared to first quarter 2009 of \$4,605,846 on revenues of \$5,115,008 and expenses of \$509,162. The increase in pre-tax income year over year is primarily a result of a net change of \$3,159,058 between net investments (realized and unrealized) gains in 2010 versus 2009.

The \$9,281,515 of revenues in 2010 is comprised of \$908,293 of consulting services, \$15,493,777 of realized gains, \$7,219,759 of unrealized losses and \$99,204 of interest and royalty income. By comparison, in first quarter 2009, the Company had realized net investment losses of \$602,421, unrealized gains of \$5,717,381 and interest and dividend income of \$48. The Company's investment gains in first quarter 2010 were generally attributable to the realization of accumulated gains on the Company's investment in Athabasca Potash Inc. The Company received \$18,820,900 in cash for its 2,254,000 shares owned. The realized investment gains in the three months ended March 31, 2010 were also attributable to both selling investments to fund operations and to continue the strategy of consistently reviewing and monitoring the investments the Company holds in the portfolio.

Expenses for the three months ended March 31, 2010 were \$2,173,348, compared to \$509,162 in the three months ended March 31, 2009. The following table provides a list of all expenses incurred by the Company for the three months ended March 31, 2010 and 2009. Additional information about these expenses including the main reasons for year-over-year changes in expenses is provided in the notes to the table.

First Quarter Expenses	Three Months Ended March 31	
	2010	2009
Amortization ¹	24,665	12,308
Business development and investor relations ²	235,137	85,946
Interest ³	232,422	187,134
Licenses, dues subscriptions ⁴	18,036	-
Management fees and performance bonus ⁵	225,065	74,283
Wages and benefits ²	442,157	22,819
Office and administration ²	74,151	59,040
Professional fees ⁶	142,697	37,751
Stock compensation ⁷	557,393	-
Supplies	150,356	-
Travel	32,351	-
Transaction costs ⁸	38,917	29,881
	2,173,348	509,162

Notes:

1. Amortization expense is related to amortization of the Companies leasehold improvements and capital assets. These assets were purchased in mid 2008 and 2009.
2. Business development and investor relations costs, wages and benefits, and office and administration expenses totaled \$776,110 compared to \$180,113 for the three months ended March 31, 2010. The increase is due to additional staff now employed by 49 North in addition to including labor costs of the employees of North Rim.
3. Interest expense was \$232,422 for first quarter 2010 compared to \$187,134 for first quarter 2009. The majority of interest relates to the \$5,000,000 principal amount of convertible debentures at a 9% interest rate issued by the Company in July 2008. In addition, the interest expense for first quarter 2010 includes the accretion of the liability component of the debentures in the amount of \$78,868.
4. Licenses, dues and subscriptions are costs associated with North Rim.
5. The management fees expense for the first quarter 2010 is \$225,065 while being \$74,283 in 2009.
6. Professional fees for the three months ended March 31, 2010 were \$142,697, an increase of \$104,946 over first quarter 2009. The increase is attributable to the timing of when the Company in involved in transactions requiring professional consulting services.
7. In March 2010 the Company issued additional stock options. A total of 280,000 options were granted to employees, directors and consultants, all with an exercise price of \$2.35 and a life of 10 years. This resulted in stock based compensation of \$557,393. The options were valued using the Black-Scholes valuation model. See also "Significant Events - Stock Option Plan".
8. Transactions costs in first quarter 2010 were significantly higher than 2009 due to the increased trading activity. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Company's accounting policy for investments.

The Company also recorded an income tax expense in the three months ended March 31, 2010 of \$2,612,711 compared to an expense of \$1,008,099 in 2009.

Cash Flow:***Three Months Ended March 31, 2010 and 2009:***

Net cash used in operating activities was \$254,862 for the three months ended March 31, 2010, compared to net cash used in operating activities of \$434,457 in the same period last year, an increase in use of \$179,595.

Net cash generated from investing activities during the quarter was \$14,524,806 compared to cash generation in 2009 of \$424,240. This was largely a result of net proceeds on sale of investments of \$13,631,393 and repayment of loans to third party entities of \$909,570. Net proceeds on sale of investments in 2009 was \$425,698.

Net cash used in financing activities was \$100,978 in the three months ended March 31, 2010 compared to cash use of \$131,672 in the three months ended March 31, 2009. The 2009 activity consisted of repayment of advances from a related party of \$44,511 and repurchase of common shares of \$87,161.

For the three months ended March 31, 2010 the Company had a net increase in cash of \$14,168,966 compared to a decrease of \$141,889 a year ago.

Capital Resources:***Assets:***

49 North's principle business is to invest in and manage a diversified portfolio of securities of resource companies with the objective of achieving medium to long-term capital appreciation through the aggressive management of and growth in value of the portfolio. At March 31, 2010 we had total assets of \$55,434,223, approximately 62% of which - \$34,260,289 consisted of equity investments in a total of 104 resource companies. The Company also had a significant cash and cash equivalent balance of \$12,145,888.

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

There are no fixed restrictions or requirements as to the particular sectors of the resource industry in which we invest and no fixed restrictions or requirements as to the geographical locations in which investee resource companies conduct their exploration and/or development activities. However, we tend to focus predominantly on resource companies with activities in Saskatchewan and our portfolio has historically has been weighted more too mineral exploration companies than to oil and gas companies. We endeavor to diversify the portfolio based on commodity type. As described in more detail in the tables below, as of March 31, 2010, our portfolio included holdings in companies in the potash, oil and gas, coal, precious metals, base metals, uranium, diamond and other resource sectors.

The resource equity investments held by the Company as of March 31, 2010 - valued at \$34,260,289 represents a \$2,880,622 decrease compared to the equity investments of \$37,140,911 held at December 31, 2009. This decrease in the quarter is attributable to the factors discussed above under "Results of Operations" and "Significant Events".

The total number of investments held by the Company increased from 92 at December 31, 2009 to 104 at March 31, 2010. The Company continues to be very aggressive in the market making purchases of stocks it felt were

undervalued. Also, the increase in the number of investments is due to the rollover into the Company of the 2009 Fund in first quarter.

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

Portfolio Holdings at March 31, 2010¹				
Name of Company²	Symbol	Number of Shares	Fair Value	Percentage of Portfolio
Mineral Exploration:				
<i>Shares</i>				
0851045 B.C. Ltd (private)		750,000	187,500	0.55%
Alix Resources Corp.	AIX	200,000	8,000	0.02%
Angus Resources Inc.	GUS.P	30,000		0.00%
Argus Metals Corp.	AML	284,000	45,440	0.13%
Aura Silver Resources Inc.	AUU	600,000	108,000	0.32%
Bacanora Minerals Ltd.	BCN	1,037,000	285,175	0.83%
Barkerville Gold Mines Ltd.	BGM	625,000	562,500	1.64%
Bending Lake Iron Group Ltd. (private)		1,400,000	1,178,570	3.44%
Bralorne Gold Mines Ltd.	BPM	260,000	202,800	0.59%
Canada Gold Corp.	CI	75,000	16,500	0.05%
Canadian Shield Resources Ltd.	EXP	313,000	203,450	0.59%
Canamex Silver Corp.	CSQ.H	325,000	26,000	0.08%
Claude Resources Inc. (TSX)	CRJ	400,000	420,000	1.23%
Copper Canyon Resources Ltd.	CPY	2,883,035	778,419	2.27%
Copper Reef Mines Ltd. (CNQ)	CZC	2,334,000	221,730	0.65%
Diamcor Mining Inc.	DMI	335,000	113,900	0.33%
Dumont Nickel Inc.	DNI	21,505,000	322,575	0.94%
Eagle Plains Resources Ltd.	EPL	4,154,500	602,403	1.76%
El Nino Ventures Inc.	ELN	1,196,500	83,755	0.24%
Erdene Resources Development Corp. (TSX)	ERD	211,000	105,500	0.31%
ESO Uranium Corp.	ESO	590,000	38,350	0.11%
Gobimin Inc.	GMN	600,000	504,000	1.47%
Gold Key Capital Corp.	GKY	600,000		0.00%
Goldcliff Resources Corp.	GCN	6,402,500	1,472,575	4.30%
GoldQuest Mining Corp.	GQC	400,000	52,000	0.15%
Goldsource Mines Inc.	GXS	15,000	23,550	0.07%
Great Western Minerals Group Ltd.	GWG	30,000	5,850	0.02%
Halo Resources Ltd.	HLO	750,015	41,251	0.12%
Harmony Gold Corp.	H	285,714	105,714	0.31%
Hathor Exploration Ltd.	HAT	45,086	88,369	0.26%
Herdron Capital Corp. (defunct)	HDC.P	229,000		0.00%
Hinterland Metals Inc.	HMI	433,332	32,500	0.09%
JNR Resources Inc.	JNN	62,000	13,020	0.04%
Kent Exploration Ltd.	KEX	845,000	135,200	0.39%
Kimpar Resources Inc. (private)		1,104,000	669,643	1.95%
Kirrin Resources Inc.	KYM	1,671,429	175,500	0.51%
Kobex Minerals Inc.	KXM	530,000	482,300	1.41%
Lakota Resources Inc. (defunct)		4,918,441		0.00%
Laurion Mineral Exploration Inc.	LME	2,077,665	93,495	0.27%
Nebu Resources Inc.	NBU	300,167	66,037	0.19%
Niogold Mining Corp.	NOX	1,531,633	444,174	1.30%

Northern Freegold Resources	NFR	670,052	177,564	0.52%
NuCoal Energy Corp. (private)		2,446,770	1,688,804	4.93%
Olivut Resources Ltd.	OLV	100,000	33,000	0.10%
Otis Gold Corp.	OOO	492,000	236,160	0.69%
Playfair Mining Ltd.	PLY	615,500	70,783	0.21%
Puget Ventures Inc.	PVS	221,667	62,067	0.18%
Red Rock Energy Inc.	RRK	3,525,500	264,413	0.77%
Rio Novo Gold Inc. (TSX)	RN	250,000	312,500	0.91%
Rock Tech Resources Inc.	RCK	500,000	67,500	0.20%
Rockport Mining Corp. (private)		486,274	364,721	1.06%
Roxgold Inc.	ROG	740,000	29,600	0.09%
Salazar Resources Ltd.	SRL	85,000	88,400	0.26%
Sandspring Resources Ltd.	SSP	25,000	37,750	0.11%
Senator Minerals Inc.	SNR	1,407,000	91,455	0.27%
Sheltered Oak Resources Corp.	OAK	1,000,000	105,000	0.31%
Shore Gold Inc. (TSX)	SGF	927,000	954,810	2.79%
Shoreham Resources Ltd.	SMH	115,000	30,475	0.09%
Skeena Resources Ltd.	SKE	2,237,500	89,500	0.26%
Soltoro Ltd.	SOL	100,000	45,000	0.13%
Sona Resources Corp.	SYS	78,200	43,010	0.13%
Stikine Gold Corp.	SKY	581,167	162,727	0.47%
Tanzania Minerals Corp. (private)		500,000	25,000	0.07%
Tirex Resources Ltd.	TXX	105,000	32,550	0.10%
Unity Energy Corp.	UTY	400,000	60,000	0.18%
Uranium North Resources Corp.	UNR	813,333	73,200	0.21%
Virginia Energy Resources Inc.	VAE	421,333	96,907	0.28%
Volcanic Capital Corp.	VOL	100,000	27,000	0.08%
Wallbridge Mining Corp. (TSX)	WM	717,780	190,212	0.56%
Wescan Goldfields Inc.	WGF	3,678,056	441,367	1.29%
Westcore Energy Inc.	WTR	4,251,500	2,635,930	7.69%
White Gold Corp. (private)		2,000,000	500,000	1.46%
Wildcat Exploration Ltd.	WEL	1,150,000	86,250	0.25%
Warrants				
Alix Resources Corp. - Warrants		625,000		
Argus Metals Corp. - Warrants		250,000		
Aura Silver Resources Inc. - Warrants		600,000		
Barkerville Gold Mines Ltd. - Warrants		312,500		
Bending Lake Iron Group Ltd. - Warrants		50,000		
Bralorne Gold Mines Ltd. - Warrants		423,000		
Canada Gold Corp - Warrants		37,500		
Canadian Shield Resources Ltd. - Warrants		156,500		
Diamcor Mining Inc. - Warrants		167,500		
Dumont Nickel Inc. - Warrants		5,000,000		
Eagle Plains Resources Ltd. - Warrants		1,555,000		
El Nino Ventures Inc. - Warrants		1,250,000		
Formation Capital Corp. - Warrants		100,000		
Goldcliff Resources Corp. - Warrants		1,750,000		
Harmony Gold Corp. - Warrants		142,857		
Herdron Capital Corp. - Warrants		229,000		

Hinterland Metals Inc. - Warrants		416,666		
Kent Exploration Ltd. - Warrants		250,000		
Kimpar Resources Inc. - Warrants		552,000		
Kirrin Resources Inc. - Warrants		1,671,429		
Laurion Mineral Exploration Inc. - Warrants		1,063,832		
Nebu Resources Inc. - Warrants		283,333		
Niogold Mining Corp. - Warrants		234,900		
Otis Gold Corp. - Warrants		38,462		
Puget Ventures Inc. - Warrants		83,333		
Rio Novo Gold Inc. - Warrants		125,000		
Rock Tech Resources Inc. - Warrants		500,000		
Salazar Resources Ltd.- Warrants		85,000		
Senator Minerals Inc.- Warrants		375,000		
Skeena Resources Ltd.- Warrants		1,100,000		
Ucore Uranium Inc.- Warrants		125,000		
Unity Energy Corp. - Warrants		200,000		
Wescan Goldfields Inc.- Warrants		694,445		
Western Potash Corp.- Warrants		100,000		
Weststar Resources Corp.- Warrants		250,000		
Xtierra Inc.- Warrants		35,000		
0851045 B.C. Ltd - Warrants		1,250,000		
Oil & Gas:				
08586348 BC Ltd. (private)		154,000	46,200	0.13%
Beaufield Resources Inc.	BFD	425,000	57,375	0.17%
Bulldog Oil & Gas Ltd. (private)		55,000	137,500	0.40%
Cheyenne Energy Corp. (defunct)		714,280	249,998	0.73%
Deloro Resources Ltd.	DLL	1,562,500	195,313	0.57%
Fair Sky Resources Inc. (defunct)		65,570		0.00%
Greencastle Resources Ltd.	VGN	703,000	91,390	0.27%
Kenosee Resources Ltd. (private)		8,547	44,643	0.13%
KFG Resources Ltd.	KFG	870,000	56,550	0.17%
Lion Energy Corp.	LEO	1,570,500	290,543	0.85%
Nordic Oil & Gas Ltd.	NOG	2,028,870	152,165	0.44%
Nuloch Resources Inc.	NLR.A	559,400	805,536	2.35%
One Exploration Inc.	OE.A	372,059	102,316	0.30%
Panwestern Energy Inc.	PW	2,122,500	1,485,750	4.34%
Petro Uno Resources Ltd.	PUP	50,000	24,000	0.07%
Prairie Hunter Energy Corp. (private)		2,950,059	4,248,085	12.40%
Rallyemont Energy Inc. (private)		10,323,535	2,613,237	7.63%
Renegade Petroleum Ltd.	RPL	95,000	384,750	1.12%
Ruby Energy Inc. (private)		916,996	484,174	1.41%
Titanium Corp. Inc.	TIC	25,500	19,890	0.06%
Welton Energy Corp. (defunct)		147,059		0.00%
Wilton Resources Inc.	WIL.P	20,000	22,000	0.06%
Warrants				
08586348 BC Ltd. -Warrants		77,000		
Enhanced Oil Resources Inc. -Warrants		125,000		
KFG Resources Ltd.-Warrants		270,000		

Nordic Oil & Gas Ltd.-Warrants		500,000		
Panwestern Energy Inc.-Warrants		1,250,000		
Other:				
Colorado Resources Ltd. (private)		750,000	150,000	0.44%
Discovery Harbour Resources Inc. (private)		100,000	10,000	0.03%
Gilead Power Corp. (private)		100,000	100,000	0.29%
Grafton Resource Investments Ltd. (private)		21,985	941,979	2.75%
Kenna Capital Corp. (private)		1,000,000	100,000	0.29%
Lex Capital Partners Inc. (private)		1,000	350,000	1.02%
Meize Energy Industries Holdings Ltd. (private)		60,000	300,000	0.88%
Pinetree Capital Corp. (TSX)		500,000	910,000	2.66%
Troy Energy Corp.		3,390,000	847,500	2.47%
Warrants				
Colorado Resources Ltd. -Warrants		375,000		
			\$ 34,260,289	

Notes:

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

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

At March 31, 2010, 49 North's portfolio included positions in 104 resource companies, diversified on the basis of what, if any, stock exchange such companies are listed upon and by commodity type as summarized in the tables below:

Exchange Listings of Portfolio Holdings						
Exchange	At March 31, 2010			At December 31, 2009		
	No. of Companies	Value (\$)	% of Portfolio	No. of Companies	Value (\$)	% of Portfolio
TSX Venture	70	16,755,484	48.91%	64	11,232,545	30.24%
Private	22	14,390,054	42.00%	18	11,100,655	29.89%
TSX	6	2,893,022	8.44%	6	14,343,311	38.62%
CNQ	1	221,730	0.65%	1	464,400	1.25%
Defunct/Delisted	5	-	-%	3	-	-%
TOTAL	104	\$34,260,289	100.00%	92	\$37,140,911	100.00%

Portfolio Holding by Commodity						
	At March 31, 2010			At December 31, 2009		
	No. of Companies	Value (\$)	% of Portfolio	No. of Companies	Value (\$)	% of Portfolio
Potash	-	-	-%	1	13,073,200	35.20%
Oil & Gas	22	11,511,414	33.60%	20	5,973,520	16.08%
Coal	5	4,924,851	14.37%	4	3,603,377	9.70%
Precious Metals	32	6,695,880	19.54%	28	5,658,650	15.24%
Base Metals	16	4,779,850	13.95%	15	4,442,362	11.96%
Uranium	10	855,198	2.50%	9	598,183	1.61%
Diamonds	4	1,132,185	3.30%	2	221,325	0.60%
Other	15	4,360,912	12.73%	13	3,570,295	9.61%
TOTAL	104	\$34,260,289	100.00%	92	\$37,140,911	100.00%

In addition to its equity portfolio investments, as at March 31, 2010 the Company had other recorded assets totaling \$21,173,934 (December 31, 2009 – \$4,930,825); including cash and cash equivalents of \$12,145,888, loans and advances receivable of \$897,733 from investee companies, capital assets consisting of furniture and equipment and leasehold improvements of \$325,827, mineral properties and deposits of \$6,310,900, goodwill of \$687,231 and accounts receivable and prepaids of \$806,355. See notes 4, 5 and 6 of the current financial statements.

Valuation of Assets:

At March 31, 2010 the Company's assets included equity investments having a fair value of \$34, 260, 2889, representing approximately 62% of the Company's total assets. These equity investments are classified as financial instruments held-for-trading and, in accordance with GAAP, are presented in the financial statements and measured at fair value, with changes in fair value recognized in net income. For this purpose, the fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Company has immediate access. Where bid and ask prices are unavailable, the Company uses the closing price of the most recent transaction for that instrument. The fair value of securities in the Company's investment portfolio as at the end of a period are determined as follows:

Publicly traded companies. The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price. The quoted bid price value of securities that are subject to a hold period will be valued with an appropriate discount. The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Company 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 Company 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.

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

Net Asset Values:

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

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

	Published NAV	GAAP NAV	Difference
Assets	\$55,908,752	\$55,434,223	\$474,529
Liabilities and Minority Interest	\$11,035,008	\$11,035,008	-
Shareholder Equity (or Net Asset Value)	\$44,873,744	\$44,399,215	\$474,529
Common shares outstanding	12,651,382	12,651,382	-
Net Asset value per common share, basic	\$3.55	\$3.51	\$0.04
Net Asset value per common share, diluted	\$3.44	\$3.40	\$0.04

Liabilities:

At March 31, 2010 the Company had recorded liabilities of \$10,701,658 (December 31, 2009, \$9,824,022). These liabilities include the following:

- Accounts payable and accrued liabilities of \$1,076,319 consisting of accruals for normal operating expenses, professional fees and interest payable on convertible debentures.
- Income taxes payable of \$1,433,235.
- Management fees payable of \$59,356
- \$4,563,517 representing the redemption price (less the equity component) as at the end of the current period on the \$5,000,000 aggregate principal amount of convertible debentures that were issued in July 2008. Refer to note 9 of the current financial statements for a detailed description of the terms of these debentures; and
- \$375,000 promissory note related to purchase of North Rim.
- \$3,194,231 related to future income taxes primarily attributable to applying the expected tax rate for future periods (32%) to the excess of fair value over tax cost on certain investments held at March 31, 2010.

Liquidity and Capital Management:

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

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

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

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

49 North is not subject to any capital requirements imposed by a regulator and, as at March 31, 2010, the Company had no material outstanding commitments for capital expenditures. Cash operating expenses in 2009 were approximately \$2,800,000. Management anticipates that the Company's cash operating expenses, excluding interest payments, will increase due to the purchase of North Rim and consolidation of Newsk Emerging Resources Inc.

Management anticipates that the Company's current capital resources will be sufficient to discharge its liabilities over the course of 2010 and that it will be able to generate sufficient cash to fund its operations through the normal course of purchasing and selling existing investments. In addition, the Company generates cash through interest and royalty income from resource properties and consulting services through North Rim.

During the first three months of 2010, 49 North reduced its reliance on margin borrowing as part of its ongoing capital management program and management expects to maintain a minimal margin borrowing balance in the near term future.

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

Transactions with Related Parties:

During the quarter ended March 31, 2010, management fees of \$59,356 were payable. . At December 31, 2009 there was an amount owed by TMM of \$11,183., TMM is a company controlled by the President and CEO of the Company. There was no management performance bonus payable in first quarter 2010.

These transactions are in the normal course of operations and are measured at the exchange amount, which approximates fair value and is the amount of consideration established and agreed to by the related parties.

Critical Accounting Estimates:

The Company's financial statements have been prepared in accordance with GAAP. The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of appreciation (depreciation) of investments and expenses during the reporting period. Actual results could differ from these estimates. The significant accounting policies used by the Company in this regard are discussed in detail in the notes to the 2008 annual audited financial statements. See especially note 2.

Non-GAAP Measures:

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

Financial Statement Presentation and Change of Accounting Policies:

Until June of 2008 49 North was classified by securities legislation as an "investment fund" and its financial statements were presented in accordance with GAAP applicable to investment funds, which varies from the manner in which GAAP requires financial statements to be prepared for corporations that are not investment funds. Amongst other things, the financial statements of investment funds include a statement of the fund's investment portfolio and a calculation of the fund's NAV and NAV per security. Under GAAP applicable to corporations that are not

investment funds, 49 North's financial statements no longer include a statement of portfolio investments (although this information is included in note 3 of the Company's current statements) nor a calculation the Company's NAV or NAV per share.

The comparative figures that are included in the current financial statements and/or in this MD&A but that relate to periods ending prior to January 1, 2008 are those of the Former Partnership which, throughout such periods was classified as an "investment fund". The manner of presentation of such comparative financial information and certain terminology used in the current statements and this MD&A has been changed to conform to the manner of presentation for the current period and the fact that 49 North is now a corporation rather than a partnership and is not an investment fund.

The Canadian Institute of Chartered Accountants ("CICA") issued a new accounting standard, Section 3064, Goodwill and Intangible Assets, which clarifies that costs can be deferred only when they relate to an item that meets the definition of an asset. As a result, start-up costs must be expensed as incurred. Section 1000, Financial Statement Concepts, was also amended to provide consistency with this new standard. These new standards are effective for years beginning on or after October 1, 2008. The Company believes the impact of these standards is minimal on its financial statements.

The CICA issued a new accounting standard, CICA Handbook Section 1582, Business Combinations ("Section 1582"), which improves the relevance, reliability and comparability of the information that a reporting entity provides in its financial statements about a business combination and its effects; CICA Handbook Section 1601 ("1601"), Consolidated Financial Statements, which establishes standards for the preparation of consolidated financial statements; and CICA Handbook Section 1602 ("1602"), Non –Controlling Interests, which establishes accounting for non –controlling interests in consolidated financial statements subsequent to a business combination. These new standards are effective for business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

In January 2006, the CICA Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are to converge with International Financial Reporting Standards ("IFRS") effective for fiscal periods beginning on or after January 1, 2011. The Corporation continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS. On February 13, 2008, the AcSB confirmed January 1, 2011 as the official changeover date for publicly listed Canadian companies to start using IFRS. Management is currently assessing the impact on the financial statements because of this change.

Financial Instruments:

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

Liquidity Risk:

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

The Company uses financial leverage (or "margin") when purchasing investments. Trading on margin allows the Company to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Company to increase its portfolio size by increasing the

number and amount of investments through leverage. However, if the market moves against the Company's positions and the Company's investments decline in value, the Company may be required to provide additional funds to its brokers. Given the nature of the Company's business, the Company may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments pre-maturely and/or at a loss, in order to generate funds needed to satisfy the Company's obligations.

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

The Company manages liquidity risk by reviewing the amount of margin available, and managing its cash flow. The Company holds investments which can be converted into cash when required. During first quarter of 2010, the Company continued to reduce its reliance on margin relative to prior years and management expects to maintain a minimal margin borrowing balance in the near term future.

Market Risk:

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

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

Interest Rate Risk:

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

Credit Risk:

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

At March 31, 2010 the Company had loans and advances receivable from third parties, totaling \$897,733 which represents approximately 1.6% of the Company's total assets.

Fair Value:

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

Disclosure Controls and Procedures:

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

Risk Factors:

An investment in 49 North involves various risks. The following is a brief discussion of the main risk factors that may have a material effect on 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.

Reliance on Management:

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

Risks Associated with Resource Issuers:

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

Furthermore, as the Company holds some resource properties directly, the Company 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 we invest 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 our investment portfolio.
- (d) Mining and oil and gas operations and the resource industries in general are subject to extensive controls and regulations imposed by various levels of government. In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of resource production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalty's payable generally depends in part on prescribed reference prices, productivity, geographical location, discovery date and the type or quality of the commodity produced. Operations

may be effected from time to time in varying degrees due to political and environmental developments such as tax increases, expropriation of property and changes in conditions under which resources may be developed, produced, generated and/or exported. Additionally, a resource issuer may have property interests that are located in foreign jurisdictions, and its operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its property holdings. Although a resource issuer's activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer.

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

Marketability of Underlying Securities and Related Risks:

The value of our shares fluctuates as a result of numerous factors, including fluctuations resulting from changes in the value of the securities in our investment portfolio. The value of securities in our portfolio is affected by numerous factors such as investor demand, resale restrictions, general market trends or regulatory restrictions. Our investment portfolio generally focuses on junior and intermediate resource companies, with investments made 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 company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the TSX. These risks include, without limitation, the following:

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

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

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

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

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

Conflicts of Interest:

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

Market for Shares and Net Asset Value:

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

Future Roll-over Transactions:

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 2009; and each of the 49 North Flow-Through Funds that has been established to date has subsequently completed a transaction (herein referred to as a “Roll-over Transaction”) with 49 North pursuant to which the flow-through units acquired in the Flow-Through Fund’s own offering were subsequently

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

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 our 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.

Concentration Risk:

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

Reliance on Key Persons for Advisory Services:

The Company'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 Company'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 Company'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 Company's advisory services are particularly dependant on companies in the natural resource sector and as a result a prolonged period of declining natural resource prices could cause a reduction in fee revenue from advisory services.

Segmented Information:

The Company has three reportable segments – merchant banking and resource investing, resource exploration and geophysical consulting.

Outstanding Share Data:

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

As of May 28, 2010, the number of common shares of the Corporation outstanding, or reserved for issue under convertible securities, is as follows:

Common Shares	Number
Outstanding ¹	12,651,383
Issuable upon conversion of warrants ²	3,942,041
Issuable upon conversion of convertible debentures ³	425,531
Issuable under options ⁴	575,000
Issuable upon conversion of broker warrants ⁵	312,992
Total diluted common shares	17,906,947
Notes:	
<p>1. Takes into account the common shares that have been purchased by the Company pursuant to the 2009 and 2008 NCIB that are to be cancelled. See discussion herein under “Significant Events – Normal Course Issuer Bids”.</p> <p>2. Please refer to note 11 in the December 31 financial statements.</p> <p>3. Assumes all \$5,000,000 principal amount of convertible debentures are converted into common shares at the lowest possible conversion price of \$11.00 per share. See the discussion in the Annual Information Form for the fiscal year ended December 31st, 2009 “General Development of the Business – Three Year History – Convertible Debentures” which can be found on the SEDAR website at www.sedar.com.</p> <p>4. Effective March 31st, 2010, there were 575,000 common shares issuable under options.</p> <p>5. Please refer to note 13 in the December 31 financial statements.</p>	

Caution Regarding Forward-Looking Information:

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

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

and/or the Company's current annual information form and other public disclosure documents filed with Canadian securities regulatory authorities and available at www.sedar.com.

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

Additional Information:

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