Management Discussion and Analysis

For the three months and nine months ended September 30, 2008

Date of Report: November 27, 2008

Overview:

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of 49 North Resource Fund Inc. (the "Corporation") covers the three months and nine months ended September 30, 2008 and activity up to November 27, 2008 and should be read in conjunction with the Corporation's interim, unaudited financial statements and the notes thereto as at and for the three and nine months ended September 30, 2008 (the "current statements") and the audited annual financial statements and notes thereto of 49 North Resource Fund Limited Partnership (the "Former Partnership") as at and for the year ended December 31, 2007 (collectively the "financial statements"). 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").

49 North was formed as a limited partnership pursuant to the laws of Saskatchewan in July 2005, originally as a flow-through fund[1], under the name 49 North Resource Flow-Through Limited Partnership, and amended its declaration of limited partnership in November 2006 to, amongst other things, change its name to 49 North Resource Fund Limited Partnership, following which, on December 28, 2006 the Former Partnership's limited partnership units ("Units") were listed on the TSX Venture Exchange ("TSXV") under the trading symbol FNR.UN. Effective January 1, 2008, the Former Partnership converted from a limited partnership into a corporation with the name 49 North Resource Fund Inc. in a series of transactions referred to collectively as the "Conversion Transaction". All references herein to "49 North" or the "Company" 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 and references to "shares" or "common shares" of the Corporation include Units of the Former Partnership 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.

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 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

[1] The term "flow-through fund" is meant as a reference to an investment fund (whether or not related to 49 North), such as a limited partnership or other entity, that invests in flow-through shares of resource issuers with the intent that, pursuant to provisions of the *Income Tax Act* (Canada) and/or provincial or territorial income tax or other 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 tax credits in respect of Canadian exploration expenses renounced to the fund by such resource issuers.

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 and U.S. economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Company's portfolio investments are located, the impact of changes in accounting policies, and other risks discussed elsewhere in this MD&A and in 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.

Nature of the Business:

The Corporation is incorporated under the laws of Saskatchewan and its common shares are publicly traded on the TSXV under the symbol FNR. 49 North is a resource investment, financial and managerial advisory, and merchant banking company which, currently, as its principal business, invests in a diversified portfolio of shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio.

Overall Performance and Significant Recent Developments:

Selected Financial Highlights:

Balance Sheet Information In $ 000's except per share data	**At September 30, 2008 (unaudited)**	**At December 31, 2007 (audited)**	**At September 30, 2007 (unaudited)**
Equity investments, at fair value	$ 20,394	26,156	14,519
Total assets	$ 21,294	26,156	14,519
Liabilities	$ 7,546	3,811	2,350
Shareholders Equity	$ 13,748	22,346	12,169
Per share, basic	$ 7.52	15.98	8.68
Per share, diluted	$ 5.83	15.20	8.68

Statement of Operations Information In $ 000's except per share data	**Three months ended September 30,**		**Nine months ended September 30,**	
	2008	2007	**2008**	2007
Net realized investment gains (losses)	**$ 668**	(50)	**909**	1,429
Net unrealized investment gains (losses)	**$(30,678)**	(729)	**(13,131)**	(973)
Interest income	**$ 12**	-	**20**	3
	$(29,998)	779	**(12,202)**	(459)
Expenses	**$ (667)**	**227**	**2,295**	542
Income (loss) before income taxes	**$ (29,331)**	(1,006)	**(14,497)**	(83)
Future income taxes	**$ (3,632)**	-	**(2,376)**	**-**
Net Income (loss)	**$ (25,699)**	(1,006)	**(12,121)**	(83)
Earnings (loss) per share, basic	**$ (14.06)**	(0.36)	**(6.63)**	(0.03)
Earnings (loss) per share, diluted	**$ (14.06)**	(0.36)	**(6.63)**	$0.03)

Significant Recent Developments:

The following events and developments occurred during and subsequent to the three months ending September 30, 2008 which have materiality changed or affected the organizational structure, capitalization, operations and/or result of operation of 49 North.

- **General Market Trends:** The economic climate during the third quarter of 2008 was one of accelerating global credit failure and associated de-leveraging, severely constrained access to capital and the intensifying expectation of a protracted global recession. This extreme negative sentiment has resulted in extraordinary downward pressure on commodity prices and related equities which in turn has had a substantially negative impact on 49 North's investment portfolio.

- **Stock Option and Shareholder Rights Plans:** At 49 North's annual and special meeting held June 4, 2008, the Company's shareholders approved a 2008 Stock Option Plan and a Shareholder's Rights Plan. The purpose of the Stock Option Plan is to attract, retain and motivate directors, employees and consultants of the Company and to advance the interests of the Company by providing such persons with the opportunity, through stock options, to acquire an equity interest in 49 North. The plan is a "rolling" plan for the purpose of TSXV policies, pursuant to which the Board may from time to time grant options to purchase common shares, exercisable at not less than the "discounted market price" (as defined by TSXV policies) for up to 10% of the Company's issued and outstanding shares as at the time of grant. Effective July 16, 2008, 75,000 stock options were granted pursuant to this stock option plan, all of which are exercisable at $10 per share and, if not exercised, expire July 16, 2018, subject to earlier expiration and/or price adjustments in accordance with the plan and applicable policies of the TSXV.

The principal objective of the Shareholder Rights Plan is to provide adequate time for the directors and shareholders of 49 North to assess an unsolicited take-over bid for the Company, 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.

- **Normal Course Issuer Bids:** Between July 1 and July 22, 2008 the Company purchased for cancellation 24,200 common shares at an aggregate cost, before commissions, of $265,200 (on average $10.96 per share) and a total cost, with commissions, of approximately $267,959 (on average $11.07 per share), pursuant to a normal course issuer bid originally implemented by the Former Partnership in July of 2007. On August 5, 2008, 49 North announced its intention to commence a new normal course issuer bid to acquire up to 180,865 common shares during the period from August 6, 2008 until the earlier of August 6, 2009 and the date by which 49 North has acquired the maximum 180,865 shares which may be purchased under that bid. As of November 20, 2008, 29,300 common shares had been purchased for cancellation under this new normal course issuer bid, including 12,300 common shares purchased during the current period at an aggregate cost, before commissions, of $91,400 (on average $7.43 per share) and a total cost, with commissions, of approximately $92,895 (on average $7.56 per share).

- **Private Placement of Convertible Debentures:** Effective July 24, 2008 49 North raised gross proceeds of $5,000,000 in a brokered private placement of 9% convertible unsecured subordinate 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 of the Company dated July 4, 2008. The debentures were issued pursuant to a trust indenture between the Company and Equity Transfer & Trust Company, as trustee. Subject to the detailed terms and conditions of that trust indenture, the debentures have a three-year term maturing July 24, 2011 and bear interest from the date of issue at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on July 24 in each of 2009 and 2010 and on maturity. The 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 of 49 North 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, 49 North may redeem the 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) the Company send notice of its intent to redeem the debentures and of the proposed redemption date to all 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 the Company's common shares for the 60 days preceding the date of the notice is equal to or exceeds the then applicable conversion price of the debentures, and (iii) on the redemption date, the Company must redeem all of the outstanding debentures that have not been converted into common shares in accordance with the terms of the trust indenture.

The debentures are unsecured and are subordinated to substantially all other present and future indebtedness of the Company. $2,000,000 aggregate principal amount of the debentures were issued to the holder of 200,000 second preferred series 1 shares of the Company that were repurchased and redeemed by the Company concurrent with the closing of the private placement at a price of approximately $2,100,000, representing the $2,000,000 issue price of such shares plus dividends that accrued thereon from January 1, 2008 to June 23, 2008. As a result of this transaction, 49 North no longer has any preferred shares outstanding. The balance of the proceeds of the debenture private placement, net of agents' fees and expenses of approximately $160,000, have been used to pay-out and/or reduce pre-existing indebtedness of the Company and for general working capital.

- **New CFO and Director:** Mr. Sandip Rana, of Brampton Ontario, was appointed as the Corporation's Chief Financial Officer and secretary, and to its board of directors, effective November 20, 2008. Mr. Rana brings a wealth of financial experience to 49 North. He is currently the Vice-President, Corporate Finance, of a leading luxury hotel management company based in Canada; as well as being the former International Controller for Newmont Mining Corporation of Canada and previously working with Franco-Nevada Mining Corporation Limited as treasurer. In that capacity, Mr. Rana was involved in facilitating the three-way merger between Franco-Nevada Corporation, Newmont Mining and Normandy Mining. In announcing Mr. Rana's appointment, the Company's CEO, Mr. Tom McNeill, commented that "Sandip's wealth of experience and his expertise in all aspects of corporate finance and governance provide a very welcome addition that will strengthen 49 North's management system." Mr. Rana replaces Mr. Ronald ("Bud") Walker who has retired from these positions for personal reasons.

Results of Operation:

Summary of Quarterly Results:

The Company's operating results for the quarters ended September 30, June 30 and March 31 in each of 2008 and 2007 are set out below. Until June 4, 2008 the Company was classified under applicable securities legislation as an "investment fund" and in accordance with such legislation published half-yearly interim financial statements but was not required to publish interim, quarterly financial statements. Accordingly, quarterly results for the fourth quarters ended December 31 are not included in this report.

	Quarter ended (unaudited)					
In $ 000's except per share data	**Sept. 30, 2008**	**June 30, 2008**	**March 31, 2008**	**Sept. 30, 2007**	**June 30, 2007**	**March 31, 2007**
Net investment gains (losses)	$ (29,998)	15,694	2,102	(779)	1,208	30
Net income (loss)	$ (25,699)	13,094	1,740	(1,006)	1,052	(129)
Earnings (loss) per share – basic	$ (14.06)	6.40	1.28	(0.36)	0.37	(0.04)
Earnings (loss) per share – diluted	$ (14.06)	6.01	0.62	(0.36)	0.37	(0.04)

Three Months Ended September 30, 2008 and 2007:

For the three months ended September 30, 2008, the Company recorded a pre-tax loss of $29,330,611, based on net investment losses of $29,997,737 and recorded expenses recovery of $667,126; compared to loss of $1,006,105 in the three months ended September 30, 2007 on net investment losses of $779,166 and expenses of $226,939.

The net investment losses of $29,997,737 were comprised of actual realized gains of $668,124 and unrealized losses of $30,677,476 for the quarter. As discussed above (see "Significant Recent Developments – General Market Trends"), the market is in a state of flux currently which has resulted in significant selling pressure on all stocks/investments, not just commodity related investments.

Expenses in the third quarter of 2008 were actually a recovery of $667,126 compared to expenses of $226,939 in the third quarter of 2007. The recovery is due to the reversal of $1,934,630 of recorded expenses at June 30, 2008 related to a contingent management performance bonus payable to 49 North's portfolio manager which is calculated as described below under "Portfolio Management Fees and Expenses" and is not actually payable until the end of the fiscal year, and then based on and subject to increases in the value of the portfolio as at year end relative to the value of the portfolio at the beginning of the year. Business development and investor relation costs, wages and benefits, and office and administrative expenses totaled approximately $212,000, compared to nil in the third quarter of 2007, with the change attributable to the fact that in 2008 the Company hired its first permanent employees and staff, including a full time Manager of Investor Relations, and initiated several new investor relations activities as well as acquiring new office premises. In addition, in the third quarter 2008, stock compensation expenses of $680,000 were recorded due to the issuance, in July 2008, of 75,000 stock options to employees, directors and consultants. The options have an exercise price of $10.00 and expire July 16, 2018 (subject to earlier termination in certain circumstances in accordance with the Option Plan). See also the discussion under Stock option plan in note 10 of the current statements. All other expenses, including interest, management fees, professional fees and transaction costs for the three months ended September 30, 2008 totaled approximately $375,000, compared with approximately $227,000 in the third quarter of 2007, with substantially all of the increase attributable to the greater size and activity of the Company in 2008 compared to 2007.

Nine Months Ended September 30, 2008 and 2007

For the nine months ended September 30, 2008, the Company recorded a pre-tax loss of $14,497,244, based on net investment losses of $12,201,793 less recorded expenses of $2,295,451; compared to a loss of $83,502 in the nine months ended September 30, 2007 on net investment gains of $458,871 and expenses of $542,373. The significant year over year loss, net investment losses and expenses for the nine month period was generally attributable to the same factors as those discussed above in respect of the third quarter of 2008.

Valuation of Investments and Net Asset Values

➢ **Valuation of Investments:** At September 30, 2008 the Company's assets included equity investments having a fair value of $20,393,652, representing almost 96% 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:

Public 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 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, in the interest of providing continuity of information to its shareholders and others and because, as discussed below under "Portfolio Management Fees and Expenses", management fees and performance bonuses paid to the Company's portfolio manager are based on Published NAV, 49 North intends to continue to publish its NAV and NAV per common share on a quarterly or more frequent basis.

The following table reconciles this Published NAV with 49 North's GAAP NAV as of September 30, 2008.

	Published NAV	**GAAP NAV**	**Difference**
Assets	$ 22,015,015	21,293,899	721,116
Liabilities	$ 7,546,012	7,546,012	-
Shareholder Equity (or Net Asset Value)	$ 14,469,003	13,747,887	721,116
Common shares outstanding	$ 1,828,377	1,828,377	-
Net Asset value per common share, basic[1]	$ 7.91	7.52	0.39
Net Asset value per common share, diluted[1]	$ 7.91	7.52	0.39

1. NAV per common share, diluted, is the same as NAV per common share, basic, due to the fact that at their current prices the exercise of any of the Corporation's outstanding convertible securities would be anti-dilutive.

The table on the next page summarizes the Corporation's net assets and portfolio holdings as of September 30, 2008 in substantially the form that 49 North historically presented its quarterly portfolio disclosure when it was classified as an investment fund for securities law purposes.

Summary of Net Assets at September 30, 2008	Value
Investment Portfolio (at published fair value)	$ 21,114,768
Other assets	$ 900,247
Less estimated net debt and other charges	$ (7,546,012)
Estimated Net Asset Value of the Corporation	$ 14,469,003
Common shares outstanding	$ 1,828,377
Estimated Net Asset Value per common share, basic	$ 7.91
Estimated Net Asset Value per common share, fully diluted	$ 7.91

Holdings*	Symbol	Number of Shares	Fair Value	Percentage of Portfolio
Mineral Exploration:				
Athabasca Potash Inc. (TSX)	API	2,200,000	8,998,000	42.61%
Goldsource Mines Inc.	GSX	852,107	2,419,984	11.46%
Wescan Goldfields Inc.	WGK	3,060,500	795,730	3.77%
Copper Canyon Resources Ltd.	CPY	2,186,735	656,021	3.11%
Northern Freegold Resources	NFR	1,441,552	634,283	3.00%
Shore Gold Inc. (TSX)	SGF	499,200	549,120	2.60%
Great Western Minerals Group Ltd.	GWG	2,748,000	549,600	2.60%
Panwestern Energy Inc.	PW	1,657,822	513,925	2.43%
Red Rock Energy Inc.	RRK	1,965,856	398,086	1.89%
Copper Reef Mines Ltd. (CNQ)	CZC	2,405,000	384,800	1.82%
Rockport Mining Corp. (private)	-	486,274	364,706	1.73%
Lakota Resources Inc.	LAK	1,815,500	254,170	1.20%
Claude Resources Inc. (TSX)	CRJ	425,000	187,000	0.89%
Eagle Plains Resources Ltd.	EPL	1,041,500	177,055	0.84%
Virginia Uranium (private)	-	73,333	136,399	0.65%
Canalaska Uranium Ltd.	CVV	1,043,911	135,708	064%
Stikine Gold Corporation	SKY	1,666,667	133,333	0.63%
Other			1,137,468	5.39%
Oil & Gas:				
Prairie Hunter Energy Corp. (private)	-	1,135,697	1,135,697	5.38%
Ruby Energy Inc. (private)	-	916,996	484,174	2.29%
Gran Tierra Energy Inc. (TSX)	GTE	50,000	200,000	0.95%
Petro Uno Resources	PUP	625,000	200,000	0.95%
Renegade Oil & Gas Ltd. (private)	-	80,000	200,000	0.95%
Wildcat Exploration Ltd. (private)	WEL	2,102,000	131,375	0.62%
Blackdog Resources Ltd.	DOG	250,710	112,820	0.53%
Nordic Oil & Gas Ltd.	NOG	551,000	101,935	0.48%
Other			96,879	0.46%
Other issuers:		25,000	26,500	0.13%
			$ 21,114,768	

* all investee companies are listed on the TSX Venture Exchange unless otherwise noted

Portfolio Management Fees and Expenses

Pursuant to a portfolio management agreement made as of January 1, 2008 (the "Management Agreement"), TMM Portfolio Management Inc. ("TMM") provides advice to the Company and, subject to the overall power of the Board to supervise and manage the Company, manages 49 North's investment portfolio. The duties and authority of 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. Pursuant to the Management Agreement, TMM is entitled to be paid a quarterly management fee equal to 0.5% of the Published NAV of the Company 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. Additionally, in each fiscal year of the Company starting with the 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 Published NAV per common share as of that date, plus all dividends or other distributions per common share paid during that fiscal year, exceeds the greater of $16.34 and the Published NAV per common share as of the last business day of the preceding fiscal year. Any such performance bonus is 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 bear interest at prime plus 2% until paid in full. Additionally, the Company reimburses TMM for all expenses reasonably and properly incurred in performing its duties and obligations under the Management Agreement, provided that such reimbursements are not intended to and shall not include any charges for overhead or profit, it being specifically acknowledged in the Management Agreement that such overhead and profit has been taken into consideration in determining the management fees and performance bonus, if any, payable as described above.

Taxation of 49 North:

Prior to converting to its current corporate structure effective January 1, 2008, the Former Partnership computed its income as if it were a separate person resident in Canada, but was not itself a taxable entity and was not required to file income tax returns except for an annual information return. Rather, the income or loss of the Former Partnership was, generally, taxed in the hands of the partners of the Former Partnership, with the limited partners generally required to include (or entitled to deduct) their respective *pro rata* share of such income (or loss) in computing their own income for the taxation year that included the relevant fiscal year end of the Former Partnership.

Starting with the fiscal year ending December 31, 2008, the income or loss of 49 North will be taxed at the corporate level and the provisions of the *Income Tax Act* (Canada) applicable to the taxation of public corporations resident in Canada generally will apply to the Company. 49 North uses the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases (temporary differences), and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment.

Liquidity and 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 September 30, 2008 the Company had total assets of $21,293,899, nearly 96% of which - $20,393,652 - consisted of equity investments in resource companies; compared to equity investments and total assets of $26,156,667 at December 31, 2007. 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, its 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 its 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 be

issued prior to a resource company becoming a "reporting issuer".

There are no fixed restrictions or requirements as to the particular sectors of the resource industry in which 49 North invests and no fixed restrictions or requirements as to the geographical locations in which investee resource companies conduct their exploration and/or development activities, but the portfolio focuses predominately on resource companies with activities in Saskatchewan.

At September 30, 2008 49 North's portfolio included positions in 62 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	**No. of Companies**	**Value at Sept. 30, 2008**	**Percentage**
TSX Venture	47	$ 7,685,081	37.69%
TSX	7	$ 10,007,257	49.07%
Private	7	$ 2,520,940	12.36%
CNQ	1	$ 180,375	0.88%
	62	**$ 20,393,652**	**100%**
Sector			
Potash	2	$ 8,925,250	43.76%
Coal	4	$ 3,325,714	16.31%
Oil and gas	15	$ 2,618,135	12.84%
Base metals	9	$ 1,663,795	8.16%
Precious metals	16	$ 1,401,182	6.87%
Uranium	10	$ 877,451	4.30%
Diamonds	2	$ 554,633	2.72%
Other	4	$ 1,027,493	5.04%
	62	**$ 20,393,652**	**100%**

In addition to its portfolio investments, as at September 30, 2008 the Company had loans and advances receivable of $668,156 from two of its investee companies, other loans and advances receivable of $16,408 and capital assets consisting of furniture and equipment and leasehold improvements of $215,683 See notes 4 and 5 of the current financial statements.

Liabilities:

At September 30, 2008 the Company had recorded liabilities of $7,546,012. These liabilities include the following:

- Bank indebtedness of $1,458,640, consisting of amounts owing under margin accounts with Union Securities Ltd. and a line of credit facility with HSBC Bank of Canada (net of cash on hand at other financial institutions), advances of $137,666 payable to 49 North 2008 Resource Flow Through Limited Partnership and accounts payable of $205,655;

- Management fees and reimbursements of $93,985 payable to TMM, with no contingent performance bonus payable as of September 30, 2008;

- $4,105,500 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. See also the discussion above under "Significant Recent Developments – Private Placement of Convertible Debentures" and see note 9 of the current statements; and

- provision for future income taxes of $1,544,566 which, generally, will not become due and payable until if and when the respective securities in the portfolio are disposed of and then subject to the amount realized on such dispositions less offsetting losses that may be available to the Company. In this regard, the Company generally follows a strategy of applying a portion of its net proceeds of dispositions of securities to the purchase of additional flow-through shares with a view to offsetting taxable capital gains resulting from such dispositions with Canadian exploration expenses associated with the acquired flow-through shares.

Although the marketability and liquidity of the securities in the Company's portfolio may vary significantly from company to company, 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. See also "Financial Instruments". Additionally, see note 12 of the current statements for a discussion of the Company's capital management policies and objectives.

Transactions with Related Parties:

During the three and nine month periods ended September 30, 2008, management fees of $68,386 (2007, $65,207) and $364,038 (2007, $204,529), respectively, were accrued to TMM, a company controlled by the CEO of the Company. Also during the three month period a management performance bonus of $1,934,630 that was recorded in the first six months of 2008 was reversed. See "Portfolio Management Fees and Expenses".

In February of 2008 the Corporation acquired all of the assets of 49 North 2007 Resource Flow-Through Limited Partnership (the "2007 Fund") on a share exchange basis in the so-called "2007 Fund Roll-Over Transaction" and entered into an agreement with 49 North 2008 Resource Flow-Through Limited Partnership (the "2008 Fund") pursuant to which it is anticipated that the Corporation will acquire substantially all of the assets the 2008 Fund in a similar "Proposed 2008 Fund Roll-Over Transaction" that is expected to be completed in February of 2009. The Corporation has also agreed to provide certain loan facilities to the 2008 Fund in respect of offering costs incurred by the 2008 Fund in its public offering that was completed in the first half of 2008 (the "2008 Fund Loan Facilities"). Additional details in respect of the 2007 Fund Roll-over Transaction, the Proposed 2008 Fund Roll-over Transaction and the 2008 Fund Loan Facilities were included in the Corporations MD&A for the six month period ended June 30, 2008. Although the 2007 Fund was, and the 2008 Fund is, at arm's-length from the Company, they shared /share common management with 49 North, such that these transactions and proposed transactions may be considered related party transactions.

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 current statements. See especially note 2.

Non-GAAP Measures:

This MD&A contains references to "net asset value" and net asset value per share" (basic and diluted). 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 net asset value 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 convertible preferred shares, convertible debentures, options or warrants of the Company have been exercised, in the case of NAV per share, diluted (although no adjustment has been made to the NAV per share on a diluted basis as presented in this MD&A due to the fact that at their current prices the exercise of any of the Corporation's outstanding convertible securities would be anti-dilutive). 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. The Company has published its NAV in a consistent manner since its inception and believes that continuing to so publish its NAV provides information that is useful to the Company's shareholders in understanding its performance, facilitates the comparison of the quarterly and year-end results of the Company's ongoing operations, provides to shareholders information that is used by the Company in calculating management fees and any performance bonus payable to TMM and provides a meaningful measure to evaluate the Company's business relative to that of its peers. See also the discussion in this MD&A under "Valuation of Investments and Net Asset Values" and "Portfolio Management Fees and Expenses".

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 statements and/or in this MD&A but 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 is currently assessing the impact of these standards on its financial statements.

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.

Financial Instruments:

The investment operations of the 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.

- **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 readily converted into cash when required.

- **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 coal, potash, precious metals, oil and gas, base metals, uranium, diamonds and other commodities.

- **Interest risk:** Interest risk is the impact that changes in interest rates could have on the Company's earnings and liabilities. As at September 30, 2008, the Company had liabilities, including bank indebtedness and management fees 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 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 September 30, 2008 the Company had loans and advances receivable of $684,564, representing approximately 3% of its total assets.

Disclosure Controls and Procedures:

The Company evaluated the effectiveness and design of its disclosure controls and procedures for the period ended September 30, 2008 and, based on this evaluation (which included testing of the key controls by examining evidence demonstrating their existence on a test basis), has determined these controls to be effective.

The Company's financial reporting procedures and practices have enabled the certification of the Company's interim filings in compliance with Multilateral Instrument 52-109, *Certification of Disclosure in Issuers' Annual and Interim Filings*. Management has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements and other filings in accordance with Canadian GAAP.

Management is aware that given the few number of employees involved in the design of internal controls over financial reporting that in-house expertise to deal with complex taxation, accounting and reporting issues may not always be sufficient. The Company obtains outside assistance and advice on new accounting pronouncements and complex accounting and reporting issues from external accountants, legal counsel and applicable regulatory authorities; which is common with companies of a similar size.

Management is also aware that internal control weaknesses have been identified in respect to segregation of duties and that a risk of management override of controls and procedures exists, which is inherently due to the size of the Company. Management is taking the necessary steps to eliminate these weaknesses in 2008.

There have been no significant changes to the Company's internal controls over financial reporting except as described above 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.

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, including second preferred series 1 shares. No series of first preferred shares has been created and no series of second preferred shares, other than the second preferred series 1 share, has been created. Refer to note 10 of the current statements and to the Company's current annual information form for a detailed description of the rights, privileges, restrictions and conditions attached to the authorized shares of the Corporation.

As of November 20, 2008, the number of common shares of the Corporation outstanding, or reserved for issue under convertible securities, is a follows:

Common Shares	Number
Outstanding	1,811,377
Issuable upon conversion of convertible debentures[1]	454,545
Issuable under options	75,000
Total diluted common shares	**2,340,922**

1. Assumes all debentures are converted at lowest possible conversion price of $11.00. See the discussion on the private placement of convertible debentures under "Significant Recent Developments".

The Corporation was authorized to issue an unlimited number of second preferred series 1 shares and issued 200,000 such shares as part of and to facilitate the Conversion Transaction, but all such shares were redeemed effective July 24, 2008 as part of the Private Placement of Convertible Debentures discussed herein under "Significant Recent Developments". The Corporation does not expect that any second preferred series 1 shares will be issued in the future.

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.