



**ANNUAL INFORMATION FORM**  
**For the Fiscal Year ended December 31, 2014**

**April 28, 2015**

## ***DATE OF INFORMATION***

Except where otherwise indicated, all information in this annual information form is given as of December 31, 2014, being the last day of our most recently completed financial year.

## ***GLOSSARY OF TERMS***

Unless the context indicates otherwise, the following terms have the following meanings when used in this annual information form:

“**Corporation**”, “**49 North**”, “**Issuer**” and “**FNR**”, together with personal pronouns such as “we”, “us” or “our”, mean 49 North Resources Inc.

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

“**49 North Flow-Through Funds**” means, collectively, the 2006 Fund, the 2007 Fund, the 2008-I Fund, the 2008-II Fund, the 2009 Fund, the 2010 Fund, the 2011 Fund and the 2012 Fund as more particularly described and defined in Item 2 of this annual information form, “*General Development of the Business - Three Year History - Roll-over Transactions with 49 North Flow-Through Funds*” together with similar flow-through partnerships that may be created in the future, and “49 North Flow-Through Fund” means any one of such 49 North Flow-Through Funds.

“**49 North Group**” means, collectively, the Issuer, its subsidiaries and the 49 North Flow-Through Funds.

“**Investment Tax Credits**” or “**ITCs**” means non-refundable investment tax credits as described in paragraph (a.2) of the definition of “investment tax credit” in subsection 127(9) of the Tax Act in respect of certain surface grass-roots mining exploration expenses, or such other federal, provincial or territorial tax credits or similar tax benefits under the Tax Act or under the taxation or other legislation of Canada or any Canadian province or territory, as may now or hereafter be enacted.

“**Portfolio Management Agreement**” means the portfolio management agreement made January 1, 2008 between the Issuer and TMM, as discussed herein in greater detail under Item 8, “*Management - The Portfolio Manager*”.

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

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

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

“**Shares**” mean common shares in the capital of the Corporation.

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

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

“TSXV” means the TSX Venture Exchange.

The terms “**Board**”, “**director**” and “**officer**”, respectively, mean the board of directors, a director or an officer, as applicable of the Corporation.

All financial information in this annual information form is prepared in accordance with international financial reporting standards, unless otherwise noted.

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

#### ***EXPLANATORY NOTE RESPECTING OIL AND GAS RESERVES***

For each financial year from 2010 to 2013 the Issuer reported on its oil and gas reserves and operational information in its annual information form for the respective year. As was the case in 2013, a number of technical and operational challenges, primarily relating to the production, treatment and disposal of water produced along with heavy oil, were experienced by the Issuer in 2014 such that it was not able to prove economic production. Although the Issuer had planned a field optimization and production plan for 2014 to address the high water cut associated with production, the plan was delayed as a result of the sharp drop in oil prices during the year. More generally, until there is a recovery in oil prices, the Issuer’s oil and gas activities have been put on hold, and as a result the Issuer’s oil and gas activities have been determined not to be material to the Issuer as a whole at this point in time.

#### ***CAUTION REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS***

Certain information in this annual information form constitutes forward-looking information. Forward-looking information is information regarding possible future events, conditions or results of operation of the Issuer that is based upon assumptions about future economic conditions and courses of action, and which is inherently uncertain. Forward-looking information is often, but not always, identified by the use of words such as “seek”, “anticipate”, “budget”, “plan”, “continue”, “estimate”, “expect”, “forecast”, “may”, “will”, “project”, “predict”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. We believe the expectations reflected in the forward-looking information in this annual information form are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on such forward-looking information. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this annual information form include, but are not limited to, those risks discussed in Item 6, “Risk Factors” of this annual information form as well as risks disclosed in other public disclosure documents filed with Canadian securities regulatory authorities and available at [www.sedar.com](http://www.sedar.com). The forward-looking information contained in this annual information form is provided as of the date hereof. We do not intend and undertake no obligation to update or revise any forward-looking information.

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

## TABLE OF CONTENTS

<i>DATE OF INFORMATION</i> .....	i
<i>GLOSSARY OF TERMS</i> .....	i
<i>EXPLANATORY NOTE RESPECTING OIL AND GAS RESERVES</i> .....	ii
<i>CAUTION REGARDING FORWARD-LOOKING INFORMATION AND STATEMENTS</i> .....	ii
1. CORPORATE STRUCTURE.....	1
Name, Address and Incorporation .....	1
Intercorporate Relationships .....	1
2. GENERAL DEVELOPMENT OF THE BUSINESS .....	2
Three Year History .....	2
3. DESCRIPTION OF THE BUSINESS .....	6
4. RISK FACTORS.....	11
5. DIVIDENDS .....	16
6. DESCRIPTION OF SECURITIES .....	16
Share Capital.....	16
Plans .....	19
Normal Course Issuer Bids .....	20
7. MARKET FOR SECURITIES .....	20
Trading Price and Volume .....	20
Prior Sales.....	22
8. MANAGEMENT.....	22
Directors and Officers.....	22
Penalties, Sanctions and Bankruptcy .....	23
The Portfolio Manager.....	24
Conflicts of Interest .....	25
9. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL AGREEMENTS.....	25
10. TRANSFER AGENT AND REGISTRAR .....	26
11. MATERIAL CONTRACTS .....	26
12. EXPERTS .....	26
13. AUDIT COMMITTEE INFORMATION.....	26
Audit Committee Charter .....	26
Composition of Audit Committee and Relevant Education and Experience .....	28
External Auditor Fees .....	28
14. OTHER MATERIAL INFORMATION .....	29

## 1. CORPORATE STRUCTURE

### Name, Address and Incorporation

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

The companies that amalgamated to form the Corporation on January 1, 2008 were the general partner of 49 North Resource Fund Limited Partnership, being a corporation named 49 North Resource Fund Inc., which was incorporated pursuant to the SBCA on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles effective May 11, 2005 to change its name to 49 North Resource Fund Inc.; and 101110207 Saskatchewan Ltd. which was incorporated pursuant to the SBCA on October 30, 2007 for the sole purpose of facilitating the reorganization of 49 North from its former structure as a limited partnership to its current structure as a corporation. On January 1, 2008, the Corporation's name was changed to "49 North Resource Fund Inc." by articles of amendment.

The Corporation restated its articles on January 17, 2008. By articles of amendment dated August 14, 2009, the corporate name was changed from "49 North Resource Fund Inc." to "49 North Resources Inc.". The Corporation restated its articles on August 14, 2009.

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

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

### Intercorporate Relationships

We own 50% of the issued and outstanding voting shares of North Rim Exploration Ltd. ("**North Rim**"), a private Saskatchewan corporation.

We own all of the issued and outstanding voting shares of Allstar Energy Limited ("**Allstar**"), a private Saskatchewan corporation.

We own 36.23% of the issued and outstanding voting shares of Gespeg Copper Resources Inc. ("**Gespeg**"), a reporting issuer in Alberta and British Columbia trading on the TSXV under the stock symbol "GCR".

We own 69.60% of the issued and outstanding voting shares of Omineca Mining and Metals Ltd. ("**Omineca**"), a reporting issuer in Saskatchewan, Alberta and British Columbia trading on the TSXV under the stock symbol "OMM".

We own 50% of the issued and outstanding voting shares of Vicarage Capital Limited ("**Vicarage**"), a private company limited by shares, incorporated and registered in England and Wales.

## 2. GENERAL DEVELOPMENT OF THE BUSINESS

### Three Year History

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

#### *Roll-over Transactions with 49 North Flow-Through Funds*

Although no 49 North Flow-Through Fund was formed in 2014, 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 2012 inclusive and new 49 North Flow-Through Funds may be established in the future. Each 49 North Flow-Through Fund that has been established to date has raised funds pursuant to a public offering and/or private placement of its own flow-through units and the 49 North Flow-Through Fund has then effectively been merged into the Issuer pursuant to a so-called “**Roll-over Transaction**”.

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

<b>49 North Group: Offerings, Conversion Transaction and Roll-over Transactions</b>						
<b>Fund</b>	<b>Offering</b>			<b>Roll-over Transaction</b>		
	<b>Closing Date</b>	<b>Units Issued</b>	<b>Gross Proceeds</b>	<b>Closing Date</b>	<b>FNR securities Issued</b>	<b>Exchange Ratio</b>
FNR (2005) <sup>1</sup>	December, 2005	1,200,000	\$ 6,000,000	NA	NA	NA
2006 Fund <sup>2</sup>	July – Dec, 2006	1,623,006	\$ 8,115,030	Feb 21, 2007	1,598,314	0.985
Conversion Transaction <sup>3</sup>				Jan 1, 2008	1,399,157	NA
2007 Fund <sup>4</sup>	Aug - Oct, 2007	932,770	\$ 9,327,700	Feb 14, 2008	497,520	0.533
2008-I Fund <sup>5</sup>	Feb - May, 2008	915,655	\$ 9,156,550	Feb 2, 2009	1,656,376	1.809
2008-II Fund <sup>6</sup>	December, 2008	219,110	\$ 2,191,100	Feb 2, 2009	750,544	3.425
2009 Fund <sup>7</sup>	Nov – Dec, 2009	832,880	\$8,328,800	Feb 1, 2010	4,351,810	5.224
2010 Fund <sup>8</sup>	December, 2010	898,021	\$8,980,210	Feb 1, 2011	2,714,122	3.022
2011 Fund <sup>9</sup>	December, 2011	652,500	\$6,525,000	Feb 1, 2013	3,416,459	5.235
2012 Fund <sup>10</sup>	June - Dec, 2012	404,890	\$4,048,900	Feb 1, 2013	2,148,855	5.307

**Notes:**

1. FNR, which was originally established in July 2005 as a flow-through fund under the name 49 North Resource Flow-Through Limited Partnership, in December of 2005 raised \$6,000,000 on the sale of 1,200,000 flow-through limited partnership units, at \$5.00 per unit, in an initial public offering pursuant to a prospectus dated September 30, 2005 that was filed only in Saskatchewan and in related private placements outside of Saskatchewan (the “**2005 Offering**”).
2. 49 North 2006 Resource Flow-Through Limited Partnership (the “**2006 Fund**”) was established in January 2006 and, between July and December 2006, raised \$8,115,030 on the sale of 1,623,006 flow-through units (the “**2006 Units**”), at \$5.00 per 2006 Unit, in an initial public offering pursuant to a prospectus dated May 18, 2006, as amended August 17, 2006, that was filed in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario and in related private placements in other provinces. Effective February 21, 2007, the 2006 Fund transferred its assets to FNR in a Roll-over Transaction in exchange for a 1,598,314 FNR units. Immediately following this transfer, the 2006 Fund was wound-up and these FNR units were distributed amongst the partners of the 2006 Fund, with each (former) limited partner in the 2006 Fund receiving approximately 0.985 FNR units for each 2006 Unit they previously held (i.e. the exchange ratio was approximately 0.985 to 1). No Business Acquisition Report was required regarding the Roll-over Transaction with the 2006 Fund.
3. Effective January 1, 2008, FNR converted from its former structure as a limited partnership to its current corporate structure. As part of this conversion transaction, the 2,798,314 units of the limited partnership, including the 1,200,000 units issued in the 2005 Offering and the 1,598,314 units issued in the Roll-over Transaction with the 2006 Fund, were consolidated on a one share for every two units basis and exchanged for a total of 1,399,157 common shares of the Corporation.
4. 49 North 2007 Resource Flow-Through Limited Partnership (the “**2007 Fund**”) was established in January 2007 and filed a prospectus dated July 19, 2007 in all provinces of Canada, other than Quebec. The 2007 Fund raised \$9,327,700 on the sale of 932,770 flow-through units (the “**2007 Units**”), at \$10.00 per 2007 Unit, under that prospectus offering (and a small related private placement in Quebec) in two closings, held August 8 and October 10, 2007, respectively. Pursuant to a transfer agreement dated February 14, 2008, effective February 14, 2008, the 2007 Fund transferred its assets to FNR in a Roll-over Transaction in exchange for 497,520 common shares of FNR. Following this transfer, effective February 15, 2008, the 2007 Fund was wound-up and dissolved and these 497,520 FNR shares were distributed amongst the (former) partners of the 2007 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (497,470 shares) and as to 0.01% (50 shares) to the general partner. Accordingly, each (former) limited partner of the 2007 Fund received approximately 0.533 FNR shares for each 2007 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2007 Fund.
5. 49 North 2008 Resource Flow-Through Limited Partnership (the “**2008-I Fund**”) was established effective December 11, 2007 and, at an initial closing held February 29, 2008 and a final closing held May 12, 2008, raised \$9,156,550 on the sale of 915,655 flow-through units (the “**2008-I Units**”), at \$10 per 2008-I Unit, in an initial public offering that was carried out in all provinces and territories of Canada pursuant to a prospectus dated February 12, 2008. Pursuant to a transfer agreement made February 12, 2008, as amended and restated as of December 18, 2008, effective February 2, 2009, the 2008-I Fund transferred its assets – consisting of flow-through shares and warrants of 20 resource companies valued, after all adjustments, for the purposes of the transaction, at \$4,016,711 – to FNR in a Roll-over Transaction in exchange for 1,656,376 common shares of FNR, which were valued for the purpose of the transaction at \$2.425 per share. Following this transfer, but also effective February 2, 2009, the 2008-I Fund was wound-up and dissolved and these 1,656,376 FNR shares were distributed amongst the (former) partners of the 2008-I Fund, as to 99.99%, *pro rata*, to the (former) limited partners (1,656,211 shares) and as to 0.01% (165 shares) to the general partner. Accordingly, each (former) limited partner of the 2008-I Fund received approximately 1.809 FNR shares for each 2008-I Unit they previously held. The Issuer filed a Business Acquisition Report respecting the Roll-over Transaction with the 2008-I Fund on June 2, 2009.
6. 49 North 2008-II Flow-Through Limited Partnership (the “**2008-II Fund**”) was established effective September 3, 2008 and, at an initial closing effective December 18, 2008 and a final closing effective December 30, 2008, raised \$2,191,100 on the sale of 219,110 flow-through units (the “**2008-II Units**”), at \$10 per 2008-II Unit. The 2008-II Fund’s offering was carried out in B.C., Alberta, Saskatchewan and Manitoba on a brokered private placement basis pursuant to an offering memorandum dated September 12, 2008, as amended November 25, 2008, and under the “offering memorandum exemption” in National Instrument 45-106; and in Ontario on a brokered private placement basis pursuant to the “accredited investor” exemption in National Instrument 45-106. Pursuant to a framework agreement made as of September 5, 2008, as amended and restated as of November 25, 2008, effective February 2, 2009, the 2008-II Fund transferred its assets – consisting of flow-through shares in 2 resource companies valued, after all adjustments, for the purposes of the transaction at \$1,820,069 – to FNR in a Roll-over Transaction in exchange for 750,544 common shares of FNR, which were valued for the purpose of the transaction at \$2.425 per share. Following this transfer, but also effective February 2, 2009, the 2008-II Fund was wound-up and dissolved and these 750,544 FNR shares were distributed amongst the (former) partners of the 2008-II Fund, as to 99.99%, *pro rata*, to the (former) limited partners (750,469 shares) and as to 0.01% (75 shares) to the general partner. Accordingly, each (former) limited partner of the 2008-II Fund received approximately 3.425 FNR shares for each 2008-II Unit they previously held. The Issuer filed a Business Acquisition Report respecting the Roll-over Transaction with the 2008-II Fund on June 2, 2009.
7. 49 North 2009 Resource Flow-Through Limited Partnership (the “**2009 Fund**”) was established effective September 9, 2009 and, at three closings held November 16, 2009, December 4, 2009 and December 16, 2009, raised \$8,328,800 on the sale of 832,880 flow-through units (the “**2009 Units**”), at \$10.00 per 2009 Unit, in an initial public offering that was carried out in all provinces and territories of Canada except Quebec pursuant to a prospectus dated November 5, 2009. Pursuant to a transfer agreement made November 5, 2009, effective February 1, 2010, the 2009 Fund transferred its assets – consisting of flow-through shares and warrants of 14 resource companies valued, after all adjustments, for the purposes of the transaction, at \$7,572,149 – to FNR in a Roll-over Transaction in exchange for 4,351,810 common shares of FNR, which were valued for the purpose of the transaction at \$1.74 per share. Following this transfer, but also effective February 1, 2010, the 2009 Fund was wound-up and dissolved and these 4,351,810 FNR shares were distributed amongst the (former) partners of the 2009 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (4,351,374 shares)

and as to 0.01% (436 shares) to the general partner. Accordingly, each (former) limited partner of the 2009 Fund received approximately 5.224 FNR shares for each 2009 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2009 Fund.

8. 49 North 2010 Resource Flow-Through Limited Partnership (the “**2010 Fund**”) was established effective October 22, 2010 and, in December 2010, raised \$8,980,210 on the sale of 898,021 flow-through units (the “**2010 Units**”), at \$10.00 per 2010 Unit, in an initial public offering that was carried out in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to a prospectus dated December 1, 2010 and in related private placements. Pursuant to a transfer agreement made December 1, 2010, effective February 1, 2011, the 2010 Fund transferred its assets – consisting of flow-through shares of 8 resource companies valued, after all adjustments, for the purposes of the transaction, at \$8,088,083 – to FNR in a Roll-over Transaction in exchange for 2,714,122 common shares of FNR, which were valued for the purpose of the transaction at \$2.98 per share. Following this transfer, but also effective February 1, 2011, the 2010 Fund was wound-up and dissolved and these 2,714,122 FNR shares were distributed amongst the (former) partners of the 2010 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (2,713,850 shares) and as to 0.01% (272 shares) to the general partner. Accordingly each (former) limited partner of the 2010 Fund received approximately 3.022 FNR shares for each 2010 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2010 Fund.
9. 49 North 2011 Resource Flow-Through Limited Partnership (the “**2011 Fund**”) was established effective October 28, 2011 and, in December 2011, raised \$6,525,000 on the sale of 652,500 flow-through units (the “**2011 Units**”), at \$10.00 per Unit in an initial public offering that was carried out in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to a prospectus dated December 6, 2011. Pursuant to a transfer agreement made January 10, 2013, effective February 1, 2013, the 2011 Fund transferred its assets - consisting of flow-through shares of 12 resource companies valued, after all adjustments, for the purposes of the transaction, at \$5,534,463 - to FNR in a Roll-over Transaction in exchange for 3,416,459 common shares of FNR, which were valued for the purpose of the transaction at \$1.62 per share. Following the transfer, but also effective February 1, 2013, the 2011 Fund was wound-up and dissolved and these 3,416,459 FNR shares were distributed amongst the (former) partners of the 2011 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (3,416,117 shares) and as to 0.01% (342 shares) to the general partner. Accordingly each (former) limited partner of the 2011 Fund received approximately 5.235 FNR shares for each 2011 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2011 Fund.
10. 49 North 2012 Resource Flow-Through Limited Partnership (the “**2012 Fund**”) was established effective March 2, 2012. The 2012 Fund raised an aggregate of \$4,048,900 on the sale of 404,890 Units (the “**2012 Units**”), at \$10 per 2012 Unit, first in an initial public offering that was carried out in British Columbia, Alberta, Saskatchewan, Manitoba and Ontario pursuant to a prospectus dated May 16, 2012, which closed June 28, 2012, and a private placement offering that closed December 18, 2012. Pursuant to a transfer agreement made January 10, 2013, effective February 1, 2013, the 2012 Fund transferred its assets - consisting of flow-through shares of 5 resource companies valued, after all adjustments, for the purpose of the transaction, at \$3,480,995 - to FNR in a Roll-over Transaction in exchange for 2,148,855 common shares of FNR, which were valued for the purposes of the transaction at \$1.62 per share. Following this transfer, but also effective February 1, 2013, the 2012 Fund was wound-up and dissolved and these 2,148,855 FNR shares were distributed amongst the (former) partners of the 2012 Fund, as to 99.99%, *pro rata*, to the (former) limited partners (2,148,640 shares) and as to 0.01% (215 shares) to the general partner. Accordingly each (former) limited partner of the 2012 Fund received approximately 5.307 FNR shares for each 2012 Unit they previously held. No Business Acquisition Report was required regarding the Roll-over Transaction with the 2012 Fund.

### ***Allstar Energy Limited***

Allstar Energy Limited (“**Allstar**”) is a private, wholly owned subsidiary company with oil and gas assets in west central Saskatchewan. On November 9, 2012, we sold certain oil lands, wells and equipment and gas processing facilities located in the Kindersley/Viking area to a large producing oil and gas company for \$24.1 million cash proceeds. The proceeds were allocated amongst all the joint venture partners in accordance with their working interests.

Through Allstar we now hold the exclusive right to explore for and extract oil and gas from approximately 23,092 acres of highly prospective oil and gas land, all located in west central Saskatchewan. The Riverside play encompasses 100% interest in 20,534 acres of multi zone (Basal Manville and Detrital zones) heavy oil play and Viking gas play near Leader, Saskatchewan. The Corporation has recompleted 2 wells and drilled 8 new wells at Riverside, and has also drilled and outfitted a water disposal well. The Red Pheasant lands consist of 100% interest in Indian Oil and Gas Canada (IOGC) agreements covering roughly 2,555 acres near North Battleford, Saskatchewan. The Red Pheasant IOGC lands have proven to contain Manville heavy oil that the Corporation has drilled a total of 8 wells into. Currently, there is no production from the oil and gas properties. Given the collapse in the market price for oil in the fourth quarter of 2014, the Corporation made the decision in February 2015 to shut-in production just in advance of break-up. Presently the Corporation is evaluating the potential re-start of production at Riverside. The Corporation has no immediate plans to re-start production at Red Pheasant and is continuing to re-evaluate its options with that field.



In February, 2014, Allstar entered into a binding letter of intent with Canada Zhong An Energy Investment Ltd. (“**Zhong An**”) pursuant to which Zhong An made a non-refundable option payment of \$2 million that was used to drill and complete two new wells in the Riverside field (the “**Program**”). Upon completion of the Program, Zhong An declined its right to fund additional drilling on the Allstar properties. Allstar has provided written notice to Zhong An informing them that the initial investment is intended to be converted into a 60% working interest in the two wells drilled during the Program, in accordance with the binding letter of intent. Zhong An is a British Columbia company incorporated for the purpose of acquiring and developing energy assets in Canada, and is financed by a major Chinese company expanding into the energy sector in North America.

#### ***Convertible Debentures Maturing September 23, 2016***

Effective at the opening on April 3, 2014 the Issuer’s 9% convertible unsecured subordinated debentures maturing September 23, 2016 (the “**2016 Debentures**”) were listed for trading on the TSXV under the symbol “FNR.DB.A”. Prior to the listing, at an extraordinary meeting of Debentureholders held June 6, 2013 the Issuer received approval from the holders of its 2016 Debentures to amend the terms of the 2016 Debentures to extend the term from the original maturity date of September 23, 2013 to September 23, 2016, recapitalized interest due on the 2016 Debentures in 2013, amend the interest rate from 8% to 9%, amend the conversion price to \$1.50, stipulate that no premium shall be payable upon redemption after the expiration of the original term and provide that the Issuer shall not incur any long term debt obligations during the term of the 2016 Debentures. The amendments became effective June 10, 2013.

In 2010, we raised aggregate gross proceeds in an amount equal to \$4,690,800 in two closings of our brokered private placement offering of the 2016 Debentures, which private placement was carried out under the “Offering Memorandum” and “Accredited Investor” exemptions in part 2.9 and 2.3, respectively, of National Instrument 45-106 *Prospectus and Registration Exemptions*. The agents for the private placement received a fee comprised of a commission and a work fee totalling \$244,540. A summary of the characteristics of the 2016 Debentures can be found at Item 6 “*Description of Securities - Share Capital*”.

#### ***Convertible Debentures Maturing June 29, 2017***

On March 26, 2015 the Corporation announced a proposal to the holders of its 9% convertible unsecured subordinated debentures maturing June 29, 2017 (the “**2017 Debentures**”) to exchange the principal amount of their 2017 Debentures and all interest accrued thereon for a combination of Shares, first preferred series 1 shares (the “**Preferred Shares**”) of the Corporation to be created for the purposes of the transaction and new 2.5% senior secured convertible debentures (the “**New Debentures**”) to be created for the purposes of the transaction (the “**Debenture Exchange**”). If the Debenture Exchange is approved, holder of the 2017 Debentures will receive 150 Shares, 25 Preferred Shares and \$25 principal amount of New Debentures per \$100 principal amount of 2017 Debentures held, in full and final settlement of such principal amount of 2017 Debentures and any interest accrued thereon. The Debenture Exchange will be considered at a meeting of the holders of the 2017 Debentures to be held May 26, 2015.

Effective at the opening on April 3, 2014 the 2017 Debentures were listed for trading on the TSXV under the symbol “FNR.DB.B”. Prior to the listing of the 2017 Debentures, at an extraordinary meeting of Debentureholders held June 6, 2013 the Issuer received approval from the holders of the 2017 Debentures to amend the terms of the 2017 Debentures to extend the term from the original maturity date of June 29, 2014 to June 29, 2017, recapitalized the interest due on the 2017 Debentures in 2013, amend the interest rate from 8% to 9%, amend the conversion price to \$1.50 per common share, stipulate that no premium shall be payable upon redemption after the expiration of the original term and provide that the Issuer shall not incur any long term debt obligations during the term of the 2017 Debentures. The amendments became effective June 10, 2013.

In 2011, we raised aggregate gross proceeds in an amount equal to \$11,150,000 through the offering of the 2017 Debentures pursuant to a short form prospectus dated June 17, 2011. The agents for the short form prospectus offering received a fee comprised of a commission and a work fee totalling \$485,000. A summary of the characteristics of the 2017 Debentures can be found at Item 6, “*Description of Securities - Share Capital*”.

### ***Reverse Take-over of Omineca Mining and Metals Ltd.***

On October 1, 2013 we completed the sale of all the issued and outstanding shares of CVG Mining Ltd. (“**CVG Mining**”) to Omineca Mining and Metals Ltd. (“**Omineca**”) (TSXV: OMM). In consideration for our interest in CVG Mining, 49 North receive 44,145,900 common shares of Omineca, representing approximately 67.4% of the post-closing issued and outstanding common shares of Omineca, as well as a \$5,400,000 principle amount, 8% unsecured convertible debenture (the “**OMM Convertible Debenture**”). The OMM Convertible Debenture has a 5 year term in which the principle amount is convertible into common shares of Omineca (each a “**debenture share**”) at conversion price of \$0.75 per debenture share prior to October 1, 2014; \$1.00 per debenture share on or after October 1, 2014 but prior to October 1, 2015; and \$1.25 per debenture share on or after October 1, 2015. Accrued interest is also convertible at a conversion price equal to the greater of the minimum price per debenture share permitted by the TSXV and the prevailing conversion price applicable to the principle amount at the time of conversion. CVG Mining has guaranteed Omineca’s obligations under the OMM Convertible Debenture, which guarantee is secured by a collateral debenture pledging all of CVG Mining’s assets.

Through CVG Mining, Omineca owns the 2,700ha Wingdam Gold Project located just east of Quesnel, British Columbia within the prolific Cariboo Goldfields, a renowned placer gold-producing district. Information about Omineca, CVG Mining and the Wingdam Gold Project can be found under the Omineca profile on the SEDAR website ([www.SEDAR.com](http://www.SEDAR.com)).

### ***Rights Offering***

In October, 2014, the Corporation completed a rights offering for aggregate gross proceeds of \$1,061,630. The rights offering was 67.23% subscribed, with a total 10,908,413 rights being exercised for 2,727,103 units pursuant to the basic subscription privilege and 811,666 units issued pursuant to the additional subscription privilege. Each unit was issued at a price of \$0.30 and was comprised of one Share and one Share purchase warrant (“**Warrant**”). Each Warrant entitles the holder thereof to acquire one Share at a price of \$0.50 per share at any time from 9:00 a.m. (Saskatoon time) on October 29, 2015 until 5:00 p.m. (Saskatoon time) on October 29, 2017. In total, 3,538,769 Common Shares and 3,538,769 Warrants were issued pursuant to the rights offering.

## **3. DESCRIPTION OF THE BUSINESS**

### ***General***

We are a resource investment and financial, managerial and geological advisory company. North Rim provides independent geological consulting services. Allstar is involved in oil and gas exploration in Saskatchewan. Gespeg Copper Resources Inc. (TSXV: GCR) is an exploration company that owns copper and molybdenum lands in the Gaspé region of Quebec. Omineca Mining and Metals Ltd. (TSXV: OMM) is a junior resource company holding properties in British Columbia and Yukon, including the Wingdam Gold Project, a near term gold project located in the Caribou District of British Columbia near Quesnel. Vicarage is a corporate development, investor relations and stock brokering firm based in London, England.

Currently, 49 North’s principle business is to acquire and aggressively manage a diversified portfolio of shares and other securities of resource companies including, without limitation, resource companies engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. In addition, 49 North may take control positions and play a management role in selected resource issuers and/or become directly or indirectly involved in the acquisition, development and commercialization of resource properties through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for such purposes.

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

undervalued opportunities that exist in the resource sector, with a focus predominantly on Saskatchewan's relatively untapped resource exploration and development opportunities.

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

As at December 31, 2014 we had 3 individuals who performed management and executive functions and 1 individual who performed administrative functions.

### ***Investment Portfolio***

The Issuer's investment portfolio provides diversified exposure to oil and gas, gold, copper, uranium, diamonds, coal, base and precious metals, and rare earth elements. Investments are made in accordance with investment policies and guidelines adopted by the Board and which are set forth below (the "**Investment Guidelines**")<sup>1</sup>. Subject to the overall supervision and direction of the Board, the portfolio is selected and managed by TMM Portfolio Management Inc. ("**TMM**" or the "**Portfolio Manager**") with the objective of achieving capital appreciation of the portfolio for the benefit of 49 North's security holders. The Issuer's investment portfolio is now, and is expected in the future to continue to be, focused on junior and intermediate resource companies, with funds invested predominantly in resource companies with exploration programs in Saskatchewan that are listed on the TSXV. However, the Issuer may invest in securities of any resource company, public or private, and regardless of which stock exchange such securities are listed (if any), regardless of the status or stage of development of the investee company's exploration, development or other business activities, and regardless of the size or market capitalization of the investee company. A significant portion of the Issuer's available funds may at any time or from time to time be invested in unlisted securities, including securities acquired under private placements of what are commonly referred to as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a resource company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Accordingly, certain of the securities in 49 North's portfolio may be subject to continuing re-sale and other trading restrictions under applicable securities law and/or, regardless of such restrictions, may be illiquid. Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the TSX. On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater.

The Investment Guidelines are as follows:

- **Resource Securities:** Our portfolio is comprised primarily of common shares or other equity or equity-linked securities in the capital of "resource companies". The portfolio may also include special warrants, warrants, options, rights and/or other convertible securities entitling the holder to acquire equity securities in the capital of resource companies; as well as debt instruments of resource companies, including without limitation, convertible debentures and/or other debentures, bonds, commercial paper or other evidence of indebtedness, whether or not convertible into equity securities; and may also include derivative instruments. We may invest in flow-through shares of resource companies but we are not in any way restricted to investing in flow-through shares.
- **Resource Companies:** Generally, for the purposes of our Investment Guidelines, a "resource company" or "resource issuer" means any company or other entity that, directly or indirectly, is engaged or intends to engage in mining or exploring for minerals (a "**mining issuer**" or "**mining company**") and/or exploring or drilling for petroleum or natural gas (an "**oil and gas issuer**" or "**oil and gas company**"). Resource companies may also be issuers that are engaged, or that intend to engage, in the generation of electricity or other energy forms through alternative means or the development of projects for alternative energy generation such as "clean-coal" power production, wind power or solar power, or for the production of alternative fuels ("**alternative energy companies**").

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

Also, although we primarily invest directly in resource companies, we may also invest indirectly, such as by investing in the securities of other resource based investment companies or funds.

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

➤ *Size and Types of Resource Companies:* Our portfolio focuses on junior and intermediate resource companies, with funds invested predominantly in resource companies that are listed on the TSXV. However, we may invest in securities of any resource company regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee company's exploration, development or other business activities, and regardless of the size or market capitalization of the investee company. A significant portion of our portfolio may at any time be comprised of unlisted securities, including securities acquired under private placements of what are commonly referred to as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a resource company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Accordingly, certain of the securities in our portfolio may be subject to continuing re-sale and other trading restrictions under applicable securities legislation and/or, regardless of such restrictions, may be illiquid. Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the TSX. On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater.

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

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

➤ *Derivatives:* In addition to investing in resource securities as described above, we may invest in derivative instruments that are consistent with our overall investment objective. We may use derivatives with the intention of offsetting or reducing risks associated with an investment or group of investments in resource securities; may use derivatives rather than direct investments in resource companies to reduce transaction costs, achieve greater liquidity, create effective exposure to broader markets or increase speed and flexibility in making portfolio changes; and may invest in derivatives for speculative purposes rather than investing directly in the underlying securities on

which such derivatives are based. 49 North may seek to enhance the return to its portfolio through the use of derivatives by seeking to reduce the potential for loss or by accepting a more certain lower return rather than seeking a less certain higher potential return and/or derivatives may be used to position our portfolio so that it may profit from declines in financial markets. Subject to applicable laws, the derivatives that 49 North may invest in or use may include, without limitation, clearing corporation options, stock exchange indexes or index funds, future contracts, options on futures, over-the-counter put or call options, forward contracts, debt-like securities and listed or unlisted warrants and we may invest in or use such derivatives for hedging purposes and for non-hedging purposes.

### ***Equity Investments Summary***

As at December 31, 2014, the Corporation's investment portfolio consisted of resource issuers engaged in the following resource sectors<sup>1</sup>:

	<b>December 31, 2014</b>		<b>December 31, 2013</b>		<b>December 31, 2012</b>	
	<b>Cost</b>	<b>FMV</b>	<b>Cost</b>	<b>FMV</b>	<b>Cost</b>	<b>FMV</b>
Base and Precious Metals	14,722	1,914	14,926	2,618	14,978	8,043
Coal	5,961	229	5,884	263	5,881	932
Diamonds	282	173	390	96	469	173
Oil & Gas	4,076	954	4,344	2,243	7,763	9,343
Other	3,525	1,853	2,848	1,512	3,325	1,723
Uranium	1,049	194	884	255	781	315
	<b>\$29,615</b>	<b>\$5,317</b>	<b>\$29,276</b>	<b>\$6,987</b>	<b>\$33,197</b>	<b>\$20,529</b>

Notes:

<sup>1</sup> The information in the table is reported in thousands of Canadian dollars and is derived from the Corporation's current financial statements. See especially note 4 of the statements.

### ***Resource Properties***

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

- ***Management:*** A new management team comprised of strong and capable individuals committed to the project may be assembled and installed respecting the particular resource property, with preference given to those who have experience or expertise in the relevant resource sector and who have demonstrated a track record of successfully exploiting junior resource opportunities. 49 North, together with the management team, if any, will develop and implement strategies for exploring, developing, bringing into production and operating the resource property.
- ***Restructuring:*** Resource properties may be acquired and held indirectly through a subsidiary, or directly by the Issuer, in which case, the property may subsequently be transferred to a subsidiary or continue to be held by the Issuer. When necessary, a restructuring or reorganization will be implemented to put in place an appropriate business structure to properly capitalize and advance the project and/or prepare it for a liquidity transaction.
- ***Strategic Partners:*** Joint ventures, option agreements, farm-ins or other arrangements may be entered with parties that have the necessary capital available and the commitment to develop the resource property. 49 North along with the management team for the resource property, if any, will evaluate and assess potential strategic

partners and be responsible for selecting, negotiating and managing the joint venture, option agreement, farm-in or other arrangement respecting a resource property.

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

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

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

The Issuer's current focus is on early stage opportunities located in western Canada. However, there are no fixed restrictions on the stage of development, geographic location or sector of the resource industry respecting properties in which 49 North may invest. A significant portion of the Issuer's available funds may at any time or from time to time be invested in resource properties prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information. Accordingly, the Issuer may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas. Despite the risks, the potential returns on investments in early stage properties that are subsequently proved up may be greater.

The Issuer owns 36.23% of the issued and outstanding voting shares of Gespeg Copper Resources Inc., a reporting issuer in Alberta and British Columbia trading on the TSXV under the stock symbol "GCR". For complete information on Gespeg's mineral properties, operations, financial results, financial position and risk factors associated with its operations see its most recent annual and interim financial statements and management's discussion and analysis, material change reports, press releases and Form 43-101F1 Technical Reports available under the Gespeg profile on the SEDAR website ([www.SEDAR.com](http://www.SEDAR.com)).

The Issuer owns 69.60% of the issued and outstanding voting shares of Omineca Mining and Metals Ltd., a reporting issuer in Saskatchewan, Alberta and British Columbia trading on the TSXV under the stock symbol "OMM". For complete information on Omineca's mineral properties, operations, financial results, financial position and risk factors associated with its operations, see its most recent annual and interim financial statements and management's discussion and analysis, material change reports, press releases and Form 43-101F1 Technical Reports available under the Omineca profile on the SEDAR website ([www.SEDAR.com](http://www.SEDAR.com)).

### ***Geological Consulting Services***

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

### *Advisory Services*

49 North's 50% owned subsidiary, Vicarage Capital Limited, is a private corporate development, investor relations and stock brokering firm based in London, England that focuses on supporting small and mid-cap natural resource companies. Vicarage provides a wide range of corporate development, debt, equity, hedge structuring, pre-IPO advice and capital raising services for junior resource companies who fall beneath the radar of larger brokers in the United Kingdom and European markets.

49 North also directly provides advice and assistance to resource companies with respect to developing their resource properties, creating the appropriate corporate vehicle for that development, raising exploration funds and, more generally, moving a resource property from a concept to a properly capitalized operating entity. 49 North promotes and provides advisory and administrative services to other members of the 49 North Group.

## **4. 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 securities. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations.

### **General**

#### ***Reliance on Management***

Securityholders must rely substantially on the discretion, knowledge and expertise of management of the Issuer in conducting the business operations of the Issuer and, in particular, must rely on the discretion, knowledge and expertise of such management and the Portfolio Manager in determining the composition of the 49 North's investment portfolio, negotiating the pricing of resource securities purchased for or sold from the portfolio and in determining if, when and on what terms to acquire or dispose of portfolio securities.

#### ***Conflicts of Interest***

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

### ***Cash Flow/Revenue***

We generate revenue and cash flow primarily from our financing activities and proceeds from the disposition of our investments, in addition to fees generated from other activities. The availability of these sources of income and the amounts generated from these sources are dependent upon various factors, many of which are outside of our direct control. Our liquidity and operating results may be adversely affected if our access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to us, or if the value of our investments decline, resulting in capital losses for us upon disposition.

### ***Additional Financing Requirements***

We anticipate ongoing requirements for funds to support our growth and may seek to obtain additional funds for these purposes through public or private equity or debt financing. There are no assurances that additional funding will be available to us at all, on acceptable terms or at an acceptable level. Any additional equity financing may cause shareholders to experience dilution, and our ability to incur additional debt is restricted (and currently prohibited) pursuant to the terms of our convertible debentures. Any limitations on our ability to access the capital markets for additional funds could have a material adverse effect on our ability to grow our business.

### ***Failure to Realize Anticipated Benefits of Acquisitions and Dispositions***

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

### ***Operational Dependence***

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

### ***Possible Volatility of Stock Price***

The market price of our securities has been and may continue to be subject to wide fluctuations in response to factors such as actual or anticipated variations in our consolidated results of operations, general market conditions and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of our securities. The purchase of our securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. Our securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in our securities should not constitute a major portion of an investor's portfolio.



### ***No Guaranteed Return***

There is no guarantee that an investment in our securities will earn any positive return in the short term or long term. The task of identifying investment opportunities in the junior resource sector, monitoring such investments and realizing a significant return is difficult. Many organizations operated by persons of competence and integrity have been unable to make, manage and realize a return on such investments successfully. Our past performance provides no assurance of our future success.

### ***Distributions and Dividends***

Payment of dividends on the common shares in the future will be dependent on, among other things, our cash flow, results of operations and financial conditions, the need for funds to finance ongoing operations and other considerations as the Board considers relevant, and be subject to applicable solvency test provisions of the SBCA and the preferential rights of the holders of the Issuer's first or second preferred shares, if any.

### ***Future Roll-over Transactions***

The Issuer has been involved in the establishment of new 49 North Flow-Through Funds, on an annual or more frequent basis, in each year from 2006 to 2012; and each of the 49 North Flow-Through Funds that has been established to date has subsequently completed a transaction (herein referred to as a "**Roll-over Transaction**") with 49 North pursuant to which the flow-through units acquired in the 49 North Flow-Through Fund's own offering were subsequently exchanged for securities of 49 North. We anticipate that new 49 North Flow-Through Funds may be established in the future and that we may enter into agreements to acquire the portfolios of such funds in a proposed Roll-over Transaction. Such agreements are typically subject to various conditions, including, without limitation, the receipt of all necessary regulatory approvals. Accordingly, there is no assurance that a proposed Roll-over Transaction with any particular 49 North Flow-Through Fund will be completed within the time frames contemplated by the relevant agreements, or at all. Further, depending on the methodology used to value the Issuer's shares and/or the assets of a new 49 North Flow-Through Fund, respectively, for the purpose of a proposed Roll-over Transaction; the size and timing of the new 49 North Flow-Through 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.

### ***Changes to Tax Laws***

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

### **Investment Portfolio**

#### ***Risks Associated with Resource Issuers***

In general, the business of the Issuer includes investing in resource issuers with such investments made predominantly in junior or intermediate resource issuers. There is no assurance that any of the resource issuers in which the Issuer invests will prove to be profitable or viable over the short or long term. The resource industries are highly competitive and resource issuers in which the Issuer may invest must compete with many other companies, many of which have far greater financial strength, experience and technical resources. Generally, there is intense competition for the acquisition of resource properties considered to have commercial potential as well as for equipment and personnel necessary to exploit such properties. The business activities of resource issuers that the Issuer invests in are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the resource issuers, which may ultimately have an impact on the Issuer's investments in such issuers' securities and/ or on an investor's investment in 49 North. Furthermore, as the Issuer holds some resource properties directly, the Issuer faces some of these risks directly as well as through its exposure from investments in issuers facing these risks. Other risks associated with the resource sector include, without limitation, the following:

- (a) The business of exploring for minerals and/or oil and gas involves a high degree of risk, many of which risks are beyond the control of the relevant resource issuer. Many of the resource issuers that the Issuer invests in may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas and/or may not have a history of earnings or payment of dividends.
- (b) The marketability of natural resources which may be acquired or discovered by a resource issuer will be affected by numerous factors which are beyond the control of such resource issuer. These factors include market fluctuations in the price of minerals, petroleum and/or natural gas, as applicable, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in a resource issuer not receiving an adequate return for its shareholders.
- (c) There are certain risks inherent in the resource exploration, mining and oil and gas industries, including potential claims arising from operational activities, which may or may not be insurable, or against which a resource issuer may elect not to insure. Such liabilities may have a material, adverse effect on such resource issuer's financial position and on the value of the securities of such resource issuer held as part of the Issuer's investment portfolio.
- (d) Mining and oil and gas operations and the resource industries in general are subject to extensive controls and regulations imposed by various levels of government. In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of resource production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalty's payable generally depends in part on prescribed reference prices, productivity, geographical location, discovery date and the type or quality of the commodity produced. Operations may be effected from time to time in varying degrees due to political and environmental developments such as tax increases, expropriation of property and changes in conditions under which resources may be developed, produced, generated and/or exported. Additionally, a resource issuer's property interests may be located in foreign jurisdictions, and its operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its property holdings. Although a resource issuer's activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer.
- (e) The resource 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.

### ***Due Diligence***

The due diligence process that we undertake in connection with investments may not reveal all facts that may be relevant in connection with an investment. Before making investments, we conduct due diligence that we deem reasonable and appropriate based on the facts and circumstances applicable to each investment. When conducting due diligence, we may be required to evaluate important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants and investment banks may be involved in the due diligence process in varying degrees depending on the type of investment. Nevertheless, when conducting due diligence and making an assessment regarding an investment, we rely on the resources available to us, including information provided by the target of the investment and, in some circumstances, third-party investigations. The due diligence investigation that we will carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

### ***Marketability of Underlying Securities and Related Risks***

The value of the Issuer's shares will vary in accordance with the value of the securities in the Issuer's investment portfolio and the value of securities owned by the Issuer may be affected by such factors as investor demand, resale restrictions, general market trends or regulatory restrictions. The Issuer's investment portfolio generally focuses on junior and intermediate resource companies, with available funds invested predominantly in resource companies that are listed on the TSXV. However, the Issuer may invest in securities of any resource company regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee company's exploration, development or other business activities, and regardless of the size or market capitalization of the investee company. A significant portion of available funds may at any time or from time to time be invested in unlisted securities, including securities acquired under private placements of what are commonly referred to as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a company prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information, or securities that may otherwise be issued prior to a resource company becoming a "reporting issuer". Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the Toronto Stock Exchange. These risks include, without limitation, the following:

- (a) The share price of smaller companies is usually more volatile than that of larger, more established companies. Smaller companies may have limited resources, including limited access to funds, and their shares may trade less frequently and in smaller volume than shares of larger companies. They may have few shares outstanding, so a sale or purchase of shares will have a greater impact on the share price. The value of these investments may rise and fall substantially.
- (b) In general, investments in smaller companies tend to be less liquid than other types of investments. The Issuer's investments in illiquid securities and in certain other small resource issuers may be difficult to value accurately or to sell and may trade at a price significantly lower than their value. In general, the less liquid an investment, the more its market value tends to fluctuate. As a result, the Issuer may not be able to convert its investments to cash at a fair market price when it needs to or it may bear additional costs in doing so.
- (c) The securities of non-reporting issuers may not be sold by the Issuer unless an exemption is available under applicable securities laws.

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

### ***Concentration Risk***

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

### ***Leverage***

We use financial leverage (or "margin") when purchasing securities for our portfolio. Trading on margin allows us to borrow part of the purchase price of securities (using the securities as collateral), rather than pay for them in full, however, it can result in significant losses for us. If the market moves against our positions and our securities decline in value, we may be required to provide additional funds to our brokers, which could be substantial. Given the nature of our business, we may not have sufficient cash on hand to meet margin calls and may be required to liquidate positions in our investments prematurely and/or at a loss, in order to generate funds to satisfy our obligations. Furthermore, if we are unable to provide the necessary funds within the time required, our positions may be liquidated at a loss by our brokers to meet our obligations (and we may still be required to make up any shortfall in funds thereafter). The sale of our securities in order to meet margin calls could have a materially adverse impact on our financial position and operating results.

### **Advisory and Consulting Services**

#### ***Reliance on Key Persons for Advisory and Consulting Services***

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

#### ***Reduced Revenues from Advisory and Consulting Services During Periods of Declining Resource Prices***

The Issuer's revenues from providing advisory services in finance, corporate development, investor relations, stock brokering, and geological consulting are likely to be lower during a period of declining natural resource markets and commodity prices. The Issuer's advisory services are particularly dependant on companies in the natural resource sector and as a result a prolonged period of declining natural resource prices could cause a reduction in fee revenue from advisory services.

## **5. DIVIDENDS**

Subject to applicable solvency test provisions of the SBCA and the preferential rights of the holders of first or second preferred shares that may be issued in the future, if any, 49 North is not precluded from paying dividends on its common shares. The table below shows the dividends per common share for the last three fiscal years.

	2014	2013	2012
Cash dividend	-	-	\$0.04

## **6. DESCRIPTION OF SECURITIES**

### **Share Capital**

Our authorized capital consists of an unlimited number of common shares; an unlimited number of first preferred shares, issuable in series; and an unlimited number of second preferred shares, issuable in series. As at the date of this annual information form, there were 24,592,063 common shares issued and outstanding. There are no outstanding first preferred or second preferred shares. A brief summary of the characteristics of the common shares, first preferred shares and second preferred shares is given below.

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

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

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

Additionally, the Corporation has outstanding certain convertible securities to purchase common shares, a brief summary of which is given below. For details respecting common shares issuable pursuant to the Corporation's 2008 Stock Option Plan and Shareholders Rights Plan, please see discussion under Item 6, "*Description of Securities - Plans*".

➤ *2016 Debentures:* The 2016 Debentures were issued pursuant to a trust indenture agreement dated September 23, 2010 between the Issuer and Equity Financial Trust Company (which subsequently assigned all of its rights and interests thereunder to Alliance Trust Company), as Trustee, as amended and supplemented by a first supplemental trust indenture dated June 10, 2013 and a second supplemental trust indenture dated March 24, 2014 (collectively, the "**2016 Indenture**"). Subject to the detailed terms and conditions of the 2016 Indenture, the 2016 Debentures mature September 23, 2016 and bear interest, as and from June 10, 2013, at 9% per annum which, unless the 2016 Debentures are earlier converted or redeemed in accordance with their terms, will be paid on September 23, 2015 and at maturity. The 2016 Debentures are convertible at the option of the respective holders, and at any time or from time to time prior to 5:00 p.m. (Toronto Time) on the business day immediately preceding the maturity date or the business day preceding the date the debentures are redeemed into common shares of 49 North at a conversion price of \$1.50 per share. Where debentures are converted, interest accruing due but otherwise unpaid to the date preceding the date of conversion will be paid promptly following such date.

Subject to certain terms and conditions, 49 North may redeem the 2016 Debentures prior to maturity at a redemption price equal to their principal amount plus interest due or accruing due prior to the date of redemption. The terms and conditions for redemption of the 2016 Debentures include the requirement that: (i) we send notice of our intention to redeem the debentures and of the proposed redemption date to all 2016 Debenture holders at least 60 days and not more than 90 days prior to such redemption date; and (ii) on the redemption date, we must redeem all the outstanding 2016 Debentures that have not been converted into common shares in accordance with the terms of the 2016 Indenture. The 2016 Debentures are unsecured and are subordinated to substantially all of the Issuer's other present and future indebtedness, provided however, the Issuer has covenanted not to incur any long term debt obligations during the term of the 2016 Debentures.

Effective at the opening on April 3, 2014, the Issuer listed its 2016 Debentures for trading on the TSXV. The 2016 Debentures trade under the symbol “FNR.DB.A”. The 2016 Debentures are quoted based on \$100 principal amounts with all trades being made in multiples of \$1,000.

As at the date of this annual information form \$5,079,277 principal amount of the 2016 Debentures are remain outstanding.

➤ *2017 Debentures:* The 2017 Debentures were issued pursuant to a trust indenture agreement dated June 29, 2011 between the Issuer and Alliance Trust Company, as Trustee, as amended and supplemented by a first supplemental trust indenture dated July 11, 2011, a second supplemental trust indenture dated June 10, 2013 and a third supplemental trust indenture dated March 24, 2014 (collectively, the “**2017 Indenture**”). Subject to the detailed terms and conditions of the 2017 Indenture, the 2017 Debentures mature June 29, 2017 and bear interest as and from June 10, 2013 at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on June 29 in each of 2015, 2016 and at maturity. The 2017 Debentures are convertible at the option of the respective holders, and at any time or from time to time prior to 5:00 p.m. (Calgary time) on the business day immediately preceding the maturity date or the business day preceding the date the debentures are redeemed into common shares of 49 North at a conversion price of \$1.50 per share. Where 2017 Debentures are converted, interest accruing due but otherwise unpaid to the date preceding the date of conversion will be paid promptly following such date.

Subject to certain terms and conditions, 49 North may redeem the 2017 Debentures prior to maturity at a redemption price equal to their principal amount plus interest due or accruing due prior to the date of redemption. The terms and conditions for redemption of the 2017 Debentures include the requirement that: (i) we send notice of our intention to redeem the debentures and of the proposed redemption date to all 2017 Debenture holders at least 60 days and not more than 90 days prior to such redemption date; and (ii) on the redemption date, we must redeem all the outstanding 2017 Debentures that have not been converted into common shares in accordance with the terms of the 2017 Indenture. The 2017 Debentures are unsecured and are subordinated to substantially all of the Issuer’s other present and future indebtedness, provided that the Issuer has covenanted not to incur any long term debt obligations during the term of the 2017 Debentures.

Effective at the opening on April 3, 2014, the Issuer listed its 2017 Debentures for trading on the TSXV. The 2017 Debentures trade under the symbol “FNR.DB.B”. The 2017 Debentures are quoted based on \$100 principal amounts with all trades being made in multiples of \$1,000.

As at the date of this annual information form \$12,415,181 principal amount of the 2017 Debentures are outstanding. On March 26, 2015 the Corporation announced a proposal to the holders of its 2017 Debentures to exchange the principal amount of their 2017 Debentures and all interest accrued thereon for a combination of Shares, first preferred series 1 shares (the “**Preferred Shares**”) of the Corporation to be created for the purposes of the transaction and new 2.5% senior secured convertible debentures (the “**New Debentures**”) to be created for the purposes of the transaction (the “**Debenture Exchange**”). If the Debenture Exchange is approved, holder of the 2017 Debentures will receive 150 Shares, 25 Preferred Shares and \$25 principal amount of New Debentures per \$100 principal amount of 2017 Debentures held, in full and final settlement of such principal amount of 2017 Debentures and any interest accrued thereon. The Debenture Exchange will be considered at a meeting of the holders of the 2017 Debentures to be held May 26, 2015.

➤ *Warrants:* On October 30, 2014 the Corporation issued 3,538,769 common share purchase warrants (the “**Warrants**”). Each Warrant entitles the holder thereof to acquire one Common Share at a price of \$0.50 per share at any time from 9:00 a.m. (Saskatoon time) on October 29, 2015 until 5:00 p.m. (Saskatoon time) on October 29, 2017. The Warrants were issued pursuant to a warrant indenture dated September 5, 2014 (the “**Warrant Indenture**”) between 49 North and Alliance Trust Company, as Trustee.

## Plans

### *2008 Stock Option Plan*

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

- (a) the total number of shares that may be reserved pursuant to Options may not exceed 10% of the issued and outstanding shares of the Issuer as at the date of the grant.
- (b) the number of shares subject to each Option is determined by the Board provided that:
  - (i) in no case will an insider be granted an Option where: (A) the number of shares that may be purchased by insiders pursuant to Options, and any other incentive stock options granted by the Issuer, exceed 10% of the Issuer’s issued and outstanding shares; or (B) the Options, and any other incentive stock options granted by the Issuer, granted to insiders in any 12 month period exceed 10% of the Issuer’s issued and outstanding shares, in each case determined at the date of grant;
  - (ii) in no case will a Director or Employee be granted an Option where the number of shares that may be purchased by that Director or Employee pursuant to Options, and any other incentive stock options granted by the Issuer, in any 12 month period exceed 5% of the Issuer’s issued and outstanding shares, determined at the date of grant;
  - (iii) in no case will a Consultant be granted an Option where the number of shares that may be purchased by that Consultant pursuant to Options, and any other incentive stock options granted by the Issuer, in any 12 month period exceed 2% of the Issuer’s issued and outstanding shares, determined at the date of grant; and
  - (iv) in no case will the aggregate number of shares that may be purchased pursuant to Options granted to persons conducting Investor Relations Activities (as defined in the Plan) exceed 2% of the Issuer’s issued and outstanding shares in any 12 month period, determined at the date of grant.
- (c) subject to the minimum price of \$0.10, the exercise price of an option may not be less than the “Discounted Market Price” (as defined by the policies of the TSXV) which, for these purposes means, the last closing price of the shares before the date of the stock option grant, less any discount allowed by the TSXV. However, if options are granted within 90 days of a public distribution of shares by a prospectus, then the minimum exercise price must be the greater of the Discounted Market Price and the per share price paid by public investors for shares acquired in the prospectus distribution.
- (d) options may be exercisable for a maximum of 10 years from the date of grant, or such shorter period as may be determined by the Board in connection with any particular options granted pursuant to the Plan, provided that options can only be exercised while the optionee is, or within 90 days of ceasing to be, a Director, Employee or Consultant or, if the optionee dies, within one year of the optionee’s death. As an exception to the foregoing, options that expire either during a blackout period imposed by the Issuer or within 10 business days following such blackout period shall be deemed to expire on the date that is the 10<sup>th</sup> business day following such blackout period. For these purposes, “blackout period” means the period during which trading in the securities of the Issuer by insiders is restricted in accordance with the policies of the Issuer.
- (e) Options granted pursuant to the Plan are non-assignable and non-transferable (subject to certain provisions of the Plan which, in the event of an optionee’s death or incapacity, allow options to be exercised by the optionee’s estate or other personal representatives as applicable); and

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

Effective December 31, 2014, there were 1,750,000 common shares issuable under Options with a weighted average exercise price of \$0.37 per share.

### ***Shareholder Rights Plan***

At our July 12, 2013 annual and special meeting, our shareholders approved a “Shareholder Rights Plan”, the principal objectives of which are to provide adequate time for our directors and shareholders to assess an unsolicited take-over bid for the Issuer, to provide the directors with sufficient time to explore and develop alternatives for maximizing shareholder value if a take-over bid is made, and to provide shareholders with an equal opportunity to participate in a take-over bid. The Shareholders Rights Plan was established pursuant to a shareholder rights plan agreement made as of June 13, 2013 with Alliance Trust Company, as rights’ agent. A copy of this shareholders rights plan agreement is available at [www.sedar.com](http://www.sedar.com) and is incorporated by reference in this annual information form.

### **Normal Course Issuer Bids**

On September 16, 2014 the Issuer’s normal course issuer bid expired. The Issuer repurchased 146,350 common shares during the fiscal year ended December 31, 2012 and 141,000 common shares during the fiscal year ended December 31, 2013. No common shares were repurchased by the Issuer during 2014.

## **7. MARKET FOR SECURITIES**

### **Trading Price and Volume**

#### ***Common Shares***

Our common shares are listed on the TSXV (trading symbol “FNR”). The following table includes the high and low prices and the volume of common shares traded on the TSXV for each month in our financial year ended December 31, 2014 and in the first three months of 2015.

	<b>High</b>	<b>Low</b>	<b>Monthly Volume</b>
January, 2014	\$0.29	\$0.18	354,586
February, 2014	0.47	0.25	244,955
March, 2014	0.34	0.27	337,987
April, 2014	0.33	0.27	212,263
May, 2014	0.36	0.28	472,845
June, 2014	0.56	0.32	238,119
July, 2014	0.41	0.34	158,887
August, 2014	0.40	0.33	229,342
September, 2014	0.45	0.27	382,731
October, 2014	0.32	0.25	219,908



November, 2014	0.28	0.20	220,433
December, 2014	0.25	0.11	849,843
January, 2015	0.22	0.13	123,310
February, 2015	0.20	0.15	231,826
March, 2015	0.19	0.08	147,160

### ***2016 Debentures***

The 2016 Debentures have been listed on the TSXV since April 3, 2014 under the trading symbol “FNR.DB.A”. The 2016 Debentures are quoted based on \$100 principal amounts with all trades being made in multiples of 1,000. The following table sets forth the price range and trading volume of the 2016 Debentures for the periods indicated.

	<b>High</b>	<b>Low</b>	<b>Monthly Volume</b>
April, 2014	\$100	\$60	371
May, 2014	55	55	210
June, 2014	55	55	90
July, 2014	70	55	494
August, 2014	65	65	20
September, 2014	65	65	-
October, 2014	65	65	-
November, 2014	65	65	-
December, 2014	65	55	650
January, 2015	60	50	500
February, 2015	50	45	1,088
March, 2015	50	45	419

### ***2017 Debentures***

The 2017 Debentures have been listed on the TSXV since April 3, 2014 under the trading symbol “FNR.DB.B”. The 2017 Debentures are quoted based on \$100 principal amounts with all trades being made in multiples of 1,000. The following table sets forth the price range and trading volume of the 2017 Debentures for the periods indicated.

	<b>High</b>	<b>Low</b>	<b>Monthly Volume</b>
April, 2014	\$60	\$55	650
May, 2014	60	45	2,620
June, 2014	60	50	1,600
July, 2014	65	55	1,440
August, 2014	64	55	920
September, 2014	64	55	670
October, 2014	65	45	900
November, 2014	65	50	1,950
December, 2014	60	40	2,200
January, 2015	60	40	1,520
February, 2015	50	45	3,376
March, 2015	50	35	3,150

## Prior Sales

During the financial year ended December 31, 2014, 49 North did not issue any securities which are not listed or quoted on a marketplace, other than the 3,538,769 Share purchase warrants comprising part of the units issued pursuant to the rights offering that we completed in October, 2014. For further information see the discussion of the rights offering found at Item 2 of this annual information form “*General Development of the Business – Three Year History-Rights Offering*”.

## 8. MANAGEMENT

### Directors and Officers

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

<b>Name and Municipality of Residence</b>	<b>Common Shares Owned or Controlled as of March 30, 2015<sup>1</sup></b>	<b>Office or Position<sup>2</sup></b>	<b>Principal Occupation</b>
Tom MacNeill <sup>3</sup> Saskatoon, SK Canada	2,198,614	President, Chief Executive Officer and Director, since July, 2005	President and Chief Executive Officer of 49 North Resources Inc.
Andrew Davidson Saskatoon, SK Canada	25,713	Chief Financial Officer and Secretary, since October, 2010	Chief Financial Officer of 49 North Resources Inc. Chartered Accountant Hergott Duval Stack LLP May, 2007 – September, 2010.
Stephen Halabura <sup>4</sup> Saskatoon, SK Canada	40,000	Director, since June, 2009	President & CEO of Concept Forge Inc. since October, 2009. President & CEO of North Rim Exploration Ltd. 1984 – November, 2009.
Jeffrey Green <sup>4</sup> Toronto, ON Canada	0	Director, since June, 2009	Retired. Managing Partner of Jovian Asset Management Inc. from October, 2004 to October, 2013.
Norman Murray Betts <sup>3</sup> Fredericton, NB Canada	0	Director, since June, 2013	Associate Professor at the University of New Brunswick

Andrew Arthur Cook <sup>3</sup> Toronto, ON Canada	0	Director, since September, 2013	Portfolio Manager with Palette Asset Management Inc. since November, 2014. Portfolio Manager with Matrix Asset Management Inc. July, 2010 – September, 2013.
<p><b>Notes:</b></p> <ol style="list-style-type: none"> <li>1. As of March 30, 2015, the directors and officers of the Issuer, as a group, beneficially own directly or indirectly, or exercise control or direction over 2,264,202 common shares representing approximately 9.20% of the Issuer’s issued and outstanding common shares.</li> <li>2. Includes, where applicable, serving as director and officer of the General Partner of the Former Partnership prior to the Issuer’s conversion to its current corporate structure in the January 2008 Conversion Transaction.</li> <li>3. Member of Audit Committee. Dr. Norman Betts serves as the Chair of the Audit Committee.</li> <li>4. Member of Reserves Committee. Mr. Stephen Halabura serves as the Chair of the Reserves Committee.</li> <li>5. Each director is independent with the exception of Tom MacNeill, the President and Chief Executive Officer of the Issuer.</li> </ol>			

### Penalties, Sanctions and Bankruptcy

No director or executive officer of the Issuer is, as at the date of this annual information form, or was, within 10 years before the date of this annual information form, a director, chief executive officer or chief financial officer of any company that was subject to a cease trade or similar order or an order that denied the relevant company access to an exemption under securities legislation that was in effect for more than 30 consecutive days and that was issued (i) while he was acting in the capacity as a director, chief executive officer or chief financial officer of such company, or (ii) after he ceased to be a director, chief executive officer or chief financial officer of such company but which resulted from an event that occurred while he was acting in the capacity as director, chief executive officer or chief financial officer of such company.

Except as noted below, no director or executive officer or a shareholder holding a sufficient number of securities to affect materially the control of the Issuer (i) is, as at the date of this annual information form, or has been, within 10 years before the date of this annual information form, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or (ii) has, within 10 years before the date of this annual information form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or (iii) was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

From March, 2006 until June, 2013 Dr. Norman Betts served as a director of Starfield Resources Inc. (TSX: SRU) (“**Starfield**”). On July 2, 2013 Starfield announced that it was deemed to have made an assignment in bankruptcy, effective at the close of business on June 28, 2013 for failure to file a proposal before the time for doing so had passed pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) (the “**BIA**”). Starfield had previously filed a Notice of Intention to Make a Proposal (“**Notice of Intention**”) pursuant to the provisions of Part III of the BIA. Pursuant to the Notice of Intention, PriceWaterhouseCoopers Inc. (“**PWC**”) was appointed as the trustee (“**Proposal Trustee**”) in Starfield’s proposal proceedings. Pursuant to an Order of the Ontario Superior Court of Justice (Commercial List), the time for Starfield to file a proposal expired at the end of the day on June 28, 2013. Starfield completed a sale of substantially all of its assets related to its Ferguson Lake Project in early June, 2013. However, in consultation with the Proposal Trustee, Starfield determined that it would not be able to put forward a viable proposal and would not be filing a proposal by the deadline. As a result, Starfield was deemed to have made an assignment in bankruptcy at the end of the day on June 28, 2013. PWC is the trustee in Bankruptcy for Starfield.

## The Portfolio Manager

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

TMM was originally appointed as the manager of the Issuer's investment portfolio pursuant to an investment management agreement made September 30, 2005 as amended and restated effective October 26, 2006; which agreement was subsequently terminated when the Issuer reorganized into a corporation in January 2008, at which time the Corporation and TMM entered into a new portfolio management agreement dated as of January 1, 2008 (the "**Portfolio Management Agreement**"). TMM's agreements with the 49 North Flow-Through Funds are on substantially the same terms as the Portfolio Management Agreement.

Pursuant to the Portfolio Management Agreement, TMM provides advice to 49 North and, subject to the overall power of the Board to supervise and manage the company, manages the Issuer's investment portfolio. The duties and authority of the TMM include identifying, analyzing and selecting investment opportunities in the resource sector; monitoring the performance of resource issuers and, more generally, determining if and when to dispose of securities in the portfolio and identifying, analyzing and selecting resource issuers in which the proceeds of any such dispositions may be reinvested. Since January 1, 2008, TMM has been entitled to be paid a quarterly management fee equal to 0.5% of the net asset value of the Issuer calculated as of the last business day of the relevant fiscal quarter, which management fee is payable on or prior to the end of the month next following the relevant fiscal quarter; and in each fiscal year of the Issuer starting with its fiscal year ending December 31, 2008, TMM is entitled to receive a performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends or other distributions per common share made during that fiscal year, exceeds the greater of \$16.34 and the net asset value per share as of the last business day of the preceding fiscal year. Any such performance bonus shall be payable within 30 days following the end of the fiscal year to which it relates. Management fees and, if applicable, any performance bonus, not paid by the due dates described above bear interest at prime plus 2% until paid in full. Additionally, the Issuer is required to reimburse TMM for all expenses reasonably and properly incurred in performing its duties and obligations under the Portfolio Management Agreement, provided that such reimbursements are not intended to and do not include any charges for overhead or profit, it being specifically acknowledged in the Portfolio Management Agreement that such overhead and profit has been taken into consideration in determining the management fees and, if applicable, performance bonus, payable as described above. Prior to January 1, 2008, TMM was entitled to receive substantially similar compensation from the Issuer.

Notwithstanding the foregoing, on April 1, 2013, TMM and the Corporation agreed to temporarily reduce the management fees payable under the Portfolio Management Agreement to \$10,000 per month until February 1, 2014. From February 1, 2014 until November 1, 2014 the management fee was fixed at \$17,000 per month. Post-November 1, 2014 the management fee was fixed at \$20,000 per month and will remain at this level until such time as management and the Board deem it appropriate to return to the original compensation as documented in the Portfolio Management Agreement.

In performing its duties under the Portfolio Management Agreement, TMM must comply with the Issuer's Investment Guidelines; act honestly, in good faith and in the best interests of the Issuer, exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances; and disclose any conflicts in writing to the Board. The Portfolio Management Agreement also provides that TMM must report regularly to the Board and in any event whenever requested by the Board and the Board must review and approve all portfolio transactions involving (a) an acquisition or disposition of securities at a price representing in excess of 10% of the net asset value of the portfolio; (b) a disposition of securities representing greater than 50% of the Issuer's position in any particular resource issuer at a price below the book value of such securities; and (c) all

portfolio transactions involving a conflict of interest on the part of TMM. The Portfolio Management Agreement also provides that TMM will not be liable in any way for any loss, default, failure, or defect in any of the securities comprising the portfolio, unless such loss, default, failure or defect is attributable to the failure of the TMM to satisfy the standard of care described above.

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

### **Conflicts of Interest**

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

## **9. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL AGREEMENTS**

### ***Roll-over Transactions***

The directors and officers of the Issuer from time to time have also generally been the directors and officers of the general partners of the respective 49 North-Flow Through Funds at the time of the respective "Roll-over Transactions" between the Issuer and the respective Funds, whereby the respective assets of such Funds were transferred to, and in exchange for shares of the Issuer. See in this regard the discussion under "*Roll-over Transactions with 49 North Flow-Through Funds*" in Item 2 of this annual information form, "*General Development of the Business - Three Year History*". As noted above in Item 8 and elsewhere in this annual information form, the directors and officers of the Issuer hold securities of 49 North. Otherwise, except as noted below, none of the directors or officers held, acquired or received any securities, compensation or other interest in, of or from either the Issuer or the relevant 49 North Flow-Through Fund as a result of or in connection with any of the Roll-Over Transactions. As a limited exception to the foregoing, the respective partnership agreements of each of the 49 North Flow-Through Funds contained provisions whereby the respective general partners of the respective Funds were entitled to receive 0.01% of the assets distributed upon the winding-up of the Fund, such that 0.01% of the Issuer's shares that were issued in such Roll-over Transactions were distributed to the general partner of the relevant Fund. Mr. MacNeill is (or at the time of the transactions was) the sole shareholder of such general partners. Also, Mr. MacNeill and Mr. Andrew Davidson are directors and officers of TMM, and Mr. MacNeill is the sole shareholder of

TMM, which receives management fees and may receive an annual performance bonus pursuant to the Portfolio Management Agreement as discussed in Item 8 of this annual information form, "*Management - The Portfolio Manager*".

Except as described above in this Item 9, no director or executive officer of the Issuer, or known associate or affiliate of any such person, had any material interest, direct or indirect, in any transaction within the three most recently completed financial years or during the current financial year that that has materially affected or is reasonably expected to materially affect the Issuer.

## **10. TRANSFER AGENT AND REGISTRAR**

Alliance Trust Company, acting from its office in Calgary, Alberta, is the transfer agent and registrar for all of the Issuer's securities.

## **11. MATERIAL CONTRACTS**

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

- (a) a Portfolio Management Agreement made January 1, 2008 between the Issuer and TMM as portfolio manager, referred to herein under Item 8, "*Management - The Portfolio Manager*";
- (b) a shareholder rights plan agreement made June 13, 2013 between the Issuer and Alliance Trust Company, as rights agent, as described in Item 6 of this annual information form, "*Description of Securities - Plans*";
- (c) the 2016 Indenture, as described in Item 2 and Item 6 of this annual information form;
- (d) the 2017 Indenture, as described in Item 2 and Item 6 of this annual information form; and
- (e) the Warrant Indenture, as described in Item 6 of this annual information form.

## **12. EXPERTS**

The Issuer's auditors, Davidson & Company LLP, of Vancouver, British Columbia, are named in the Auditor's Report contained in the Issuer's audited financial statements for the financial year ended December 31, 2014, as having reported on such financial statements. Davidson & Company LLP has advised that they are independent within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

Prior to May 28, 2014, Ernst & Young LLP, of Saskatoon, Saskatchewan, were the Issuer's auditors and are named in the Auditor's Report contained in the Issuer's audited financial statements for the financial year ended December 31, 2013, as having reported on such financial statements.

## **13. AUDIT COMMITTEE INFORMATION**

### **Audit Committee Charter**

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

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

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

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

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

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

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

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

*(a) recommend to the Board:*

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

*(ii) the compensation of the external auditor;*

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

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

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

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

*(f) establish procedures for:*

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

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

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

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

**MEETINGS AND PROCEDURES:**

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

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

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

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

**Composition of Audit Committee and Relevant Education and Experience**

The audit committee was established by the Board. Its members include Norman Betts (Chair), Andrew Cook and Tom MacNeill. Each member of the audit committee is financially literate and Messrs. Norman Betts and Andrew Cook are independent. Information regarding the education and experience of the members of the audit committee that is relevant to the performance of their responsibilities as a member of the audit committee includes, without limitation, the following:

(a) Dr. Betts, FCA, FCPA is an associate professor, Faculty of Business Administration, University of New Brunswick and a Chartered Accountant Fellow (FCA). Dr. Betts serves as a director and member of the audit committees of Tembec Inc., Tanzanian Royalty Exploration Corporation, New Brunswick Power Corporation, and Adex Mining Inc. He is also a member of the Board of Directors of the Bank of Canada and co-chair of the board of trustees of the University of New Brunswick Pension Plan for Academic Employees. He is a former Finance Minister and Minister of Business New Brunswick with the Province of New Brunswick. He was awarded a Ph.D. in Management from the School of Business at Queens University in 1992.

(b) Mr. Cook is a certified public accountant (CPA), chartered accountant (CA) and chartered financial analyst (CFA). During his 20+ year career, Mr. Cook has been employed as an analyst and portfolio manager with the Royal Bank of Canada, Midland Walwyn, Strategic Nova, Marquest Asset Management, Matrix Asset Management Inc. and is currently the portfolio manager with Palette Asset Management Inc..

(c) Tom MacNeill is a graduate of the University of Saskatchewan (Economics) and is a chartered financial analyst (CFA) and a certified general accountant (CGA). Mr. MacNeill has also completed the Canadian Securities Course (with Honors) in 1987. With over 25 years in the resource investment and corporate finance industry, Mr. MacNeill's work history includes positions as: investment advisor with a major Canadian firm, management accountant within the mining industry, chief financial officer of a Canadian trust corporation as well as extensive resource portfolio management.

**External Auditor Fees**

The following table discloses all fees billed to the Issuer and its subsidiaries by its external auditor, Davidson & Company LLP (and prior to May 28, 2014 Ernst & Young LLP), in each of its last two completed fiscal years.



Category	Fiscal Year	Fees (\$)
Audit Fees <sup>1</sup>	2014	122,125
	2013	110,000
Audit Related Fees <sup>2</sup>	2014	2,697
	2013	23,171
Tax Fees <sup>3</sup>	2014	10,210
	2013	2,550
All Other Fees <sup>2</sup>	2014	-
	2013	15,101

**Notes:**

1. Audit fees billed respecting the Issuer and its subsidiaries/special purpose entities. Our external auditor did not perform services relating to the Issuer's subsidiaries, North Rim or Vicarage.
2. Audit related and other fees relate to quarterly financial statements for the Issuer, Allstar and Gespeg.
3. Tax fees relate to preparation of corporate income tax returns.

#### **14. OTHER MATERIAL INFORMATION**

Additional information relating to the Issuer may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Issuer's securities and securities authorized for issuance under equity compensation plans, is contained in the Issuer's management information circular dated June 4, 2014 in respect of its annual and special meeting held July 9, 2014 (being the most recent materials respecting a meeting involving the election of directors).

Additional financial information is provided in the Issuer's financial statements and MD&A for the financial year ended December 31, 2014.

