CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2019

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed interim financial statements have been prepared by management.

The company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditors.

49 North Resources Inc.
Statements of Financial Position
(in thousands of Canadian dollars)
(See Note 1 – Description of business)

	March 31 2019	December 31 2018
ASSETS		
Current assets		
Cash	$ 368	$ 63
Equity investments, at fair value (Note 3)	8,109	6,535
Accounts receivable and prepaid expenses (Note 4)	22	23
Loans and advances receivable (Note 4)	1,829	1,424
	10,328	**8,045**
Non-current assets		
Convertible debenture receivable (Note 5)	5,755	5,417
Embedded derivative asset (Note 5)	-	-
Property, plant and equipment (Note 6)	42	45
Total assets	**$ 16,125**	**$ 13,507**
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	$ 865	$ 676
	865	**676**
Non-current liabilities		
Convertible debentures (Note 8)	4,126	4,032
Subordinate debentures (Note 9)	757	741
Debt portion of preferred shares (Note 8)	706	706
Total liabilities	**6,454**	**6,155**
EQUITY		
Common shares (Note 11)	70,833	70,833
Preferred shares (Note 11)	2,682	2,682
Contributed surplus (Note 11)	5,337	5,337
Equity portion of convertible debentures (Note 8)	1,568	1,568
Equity portion of subordinate debentures (Note 9)	301	301
Deficit	(71,050)	(73,369)
Total equity	**9,671**	**7,352**
Total liabilities and equity	**$ 16,125**	**$ 13,507**

Events after the reporting period (Note 15)

Approved on behalf of the Board

"Tom MacNeill"
Director

"Andrew Cook"
Director

The accompanying notes are an integral part of these financial statements

49 North Resources Inc.

Statements of Loss and Comprehensive Loss

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31,		2019		2018
Revenues				
Interest and dividend income (Note 5)	$	171	$	246
Realized gains (losses) on equity investments		514		(160)
Unrealized (losses) gains on equity investments		1,891		(959)
Unrealized gain (loss) on convertible debenture receivable (Note 5)		172		(60)
Other consulting		-		15
		2,748		**(918)**
Expenses				
Amortization (Note 6)		3		3
Business and investor relations		46		32
Finance (Note 8)		167		156
General and administration		77		78
Management fees (Note 7)		114		120
Professional fees		9		8
Transaction costs		1		7
Wages and benefits		12		11
		429		**415**
Loss and comprehensive loss for the period	**$**	**2,319**	**$**	**(1,333)**
Basic loss per share (Note 11)	**$**	**0.03**	**$**	**(0.02)**
Diluted loss per share (Note 11)	**$**	**0.03**	**$**	**(0.02)**
Weighted average number of common shares outstanding - basic		**83,006,859**		**60,231,450**
Weighted average number of common shares outstanding - diluted		**83,006,859**		**60,231,450**

The accompanying notes are an integral part of these financial statements

49 North Resources Inc.
Statements of Changes in Equity
(in thousands of Canadian dollars)

	Attributable to the common shareholders					
	Common Share Capital	Preferred Share Capital	Contributed Surplus	Equity portion of debentures	Deficit	Total Equity
Balance, January 1, 2018	**$ 70,313**	**$ 2,723**	**$ 5,337**	**$ 1,884**	**$ (66,295)**	**$ 13,962**
Convertible debenture conversions (Note 8)	25	-	-	(7)	-	18
Preferred share conversions (Note 8)	22	(17)	-	-	-	5
Share-based compensation (Note 11)	-	-	-	-	-	-
Initial fair value adjustment on convertible debenture receivable (Notes 2 and 5)	-	-	-	-	(1,801)	(1,801)
Net loss	-	-	-	-	(1,333)	(1,333)
Balance, March 31, 2018	**$ 70,360**	**$ 2,706**	**$ 5,337**	**$ 1,877**	**$ (69,429)**	**$ 10,851**

	Common Share Capital	Preferred Share Capital	Contributed Surplus	Equity portion of debentures	Deficit	Total Equity
Balance, January 1, 2019	**$ 70,833**	**$ 2,682**	**$ 5,337**	**$ 1,869**	**$ (73,369)**	**$ 7,352**
Net income	-	-	-	-	2,319	2,319
Balance, March 31, 2019	**$ 70,833**	**$ 2,682**	**$ 5,337**	**$ 1,869**	**$ (71,050)**	**$ 9,671**

The accompanying notes are an integral part of these financial statements

49 North Resources Inc.
Statements of Cash Flows
(in thousands of Canadian dollars)

For the three months ended March 31,	2019	2018
Cash flows from Operating Activities		
Net income (loss)	$ 2,319	$ (1,333)
Items not affecting cash		
Realized (gains) losses on equity investments	(514)	160
Amortization	3	3
Accretion of debentures payable	110	98
Accrued dividends	21	21
Accrued interest income	(171)	(94)
Accretion of debenture receivable	-	(153)
Unrealized (gain) loss on equity investments	(1,891)	959
Unrealized (gain) loss on convertible debenture receivable	(172)	60
Purchase of equity investments	(5)	(641)
Proceeds from disposal of equity investments	836	1,186
Net changes in non-cash working capital items related to operations (Note 14)	169	64
	705	**330**
Cash flows from Investing Activities		
Purchase of property, plant and equipment	-	(15)
Loans and advances receivable, net	(400)	(243)
	(400)	**(258)**
Net change in cash during the period	**305**	**72**
Cash, beginning of period	63	35
Cash, end of period	**$ 368**	**$ 107**

The accompanying notes are an integral part of these financial statements

1. Description of business

Description of business

49 North Resources Inc. (the "Corporation") is a resource investment, financial, and managerial advisory company which, as its principal business, invests in a diversified portfolio of common shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio.

The Corporation is domiciled in the Province of Saskatchewan, Canada and its office address is at Suite 602 – 224 4th Avenue South, Saskatoon, Saskatchewan, Canada, S7K 5M5.

2. Significant accounting policies

The significant accounting policies used in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented.

Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2018.

The financial statements of the Corporation for the three month periods ended March 31, 2019 were authorized for issuance by the Corporation's board of directors on May 17, 2019.

Basis of preparation

These condensed interim financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. These financial statements are prepared in Canadian dollars, which is the Corporation's functional currency.

New and Future accounting pronouncements

On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. IFRS 16 sets out the principles for the recognition, measurement and disclosure of leases. IFRS 16 provides revised guidance on identifying a lease and for separating lease and non-lease components of a contract. IFRS 16 introduces a single accounting model for all lessees and requires a lessee to recognize right-of-use assets and lease liabilities for leases with terms of more than 12 months, unless the underlying asset is of low value. Under IFRS 16, lessor accounting for operating and finance leases will remain substantially unchanged. IFRS 16 is effective for annual periods beginning on or after January 1, 2019.

The Company is currently evaluating the impact the new and amended standard is expected to have on its financial statements and does not expect any material changes. If the limited exception criteria are not met, rent expense is to be removed and replaced by amortization and finance expense related to the leased office space and respective lease liability.

There are no other standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Corporation.

(in thousands of Canadian dollars, except securities and per share amounts)

3. Equity investments

As at March 31, 2019 and December 31, 2018, the Corporation's investments consist of equity interests in companies in the following segments:

	March 31, 2019				December 31, 2018			
	Cost		FMV		Cost		FMV	
Publicly listed companies	$	20,316	$	6,805	$	20,575	$	4,110
Private companies		11,092		1,304		11,151		2,304
	$	**31,408**	**$**	**8,109**	**$**	**31,726**	**$**	**6,414**

As at March 31, 2019 and December 31, 2018, the Corporation's investments consist of equity interests in companies in the following industries:

	March 31, 2019				December 31, 2018			
	Cost		FMV		Cost		FMV	
Base and Precious Metals	$	14,321	$	5,181	$	14,340	$	2,462
Coal		1,981		-		1,981		-
Diamonds		914		1,157		1,007		1,254
Oil & Gas		11,005		246		11,005		338
Other		3,039		1,521		3,239		2,472
Uranium		148		4		152		9
	$	**31,408**	**$**	**8,109**	**$**	**31,724**	**$**	**6,535**

The equity investments consist of investment in common shares of corporations of which 66.46% (December 31, 2018 – 42.61%) are listed on the TSX-V, 16.08% (December 31, 2018 – 35.26%) are private, 14.27% (December 31, 2018 – 19.19%) are listed on the TSX and 3.19% (December 31, 2018 – 2.94%) are listed on the Canadian Securities Exchange ("CSE") as of March 31, 2019.

An analysis of fair value was prepared for the private investments held in the portfolio. The analysis used comparable entities public corporation stock prices, observable index comparisons, transaction prices for same or similar instruments and information from brokers and other analysis. Based on this review, management has recorded a $nil unrealized gain (2018 - $nil unrealized gain) on certain private corporation investments and a $500 realized gain (2018 - $nil realized gain) on certain private corporation investments in the period ended March 31, 2019.

(in thousands of Canadian dollars, except securities and per share amounts)

4. Loans, advances, accounts receivable and prepaid expenses

Accounts receivable and prepaid expenses

	March 31, 2019	December 31, 2018
Trade accounts receivable	$ 20	$ 20
Prepaid expenses	2	3
	$ 22	**$ 23**

The aging of accounts receivables at the reporting date was:

	March 31, 2019	December 31, 2018
Not past due	$ -	$ 5
Past due 0 - 30 days	-	-
Past due 31+ days	20	15
	$ 20	**$ 20**

During the period ended March 31, 2019, the Corporation recognized an impairment loss of $nil (2018 – impairment loss of $nil) in respect of trade accounts receivable.

Loans and advances receivable

	March 31, 2019	December 31, 2018
Current		
Unrelated corporations	$ 403	$ 392
Related corporation (Note 7)	1,426	1,032
	$ 1,829	**$ 1,424**

Certain of the loans to unrelated corporations bear interest at 10% and are due on demand. The loans to related corporations are non-interest bearing, and are due on demand.

(in thousands of Canadian dollars, except securities and per share amounts)

5. Convertible debentures receivable

The Corporation has a convertible debenture recoverable from Omineca Mining and Metals Ltd. ("OMM"). The face value of the debenture is $5,400 and the debenture bears interest at 8% per annum, is secured by current and future property rights, is payable upon maturity at October 1, 2021 and may be converted into common shares of OMM at any time at a revised conversion price as follows:

- $0.20 prior to October 1, 2017
- $0.50 on or after October 1, 2017, but prior to October 1, 2018
- $0.75 on or after October 1, 2018

	Convertible Debenture Receivable		
	Face Value	Carrying Value	Embedded derivative asset
Balance, January 1, 2017	**$ 7,578**	**$ 6,204**	**$ 302**
Interest income accrued	629	1,036	-
Fair value adjustment - adoption IFRS 9	-	(1,563)	(302)
Fair value adjustment to derivative asset	-	(260)	-
Balance, December 31, 2018	**$ 8,207**	**$ 5,417**	**$ -**
Interest income accrued	166	166	-
Fair value adjustments	-	172	-
Balance, March 31, 2019	**$ 8,373**	**$ 5,755**	**$ -**

6. Property, plant and equipment

		Other corporate assets
Cost:		
Balance at January 1, 2018	$	399
Additions		15
Balance at March 31, 2019 and December 31, 2018	**$**	**414**
Accumulated amortization:		
Balance at January 1, 2018	$	357
Amortization expense		12
Balance at December 31, 2018		369
Amortization expense		3
Balance at March 31, 2019	**$**	**372**
Total balance at December 31, 2018	**$**	**45**
Total balance at March 31, 2019	**$**	**42**

(in thousands of Canadian dollars, except securities and per share amounts)

7. Related party transactions

Compensation of key executive personnel

For the three months ended March 31,		2019		2018
Management fees to officers	$	114	$	120
Directors' fees		6		6
	$	120	$	126

TMM Portfolio Management Inc. ("TMM") is responsible for the management of the Corporation's investment portfolio in accordance with the terms of a portfolio management agreement made January 1, 2008 (the "Management Agreement") and is to be reimbursed by the Corporation for all expenses reasonably and properly incurred in conducting the Corporation's business and in performing its duties and obligations under the Management Agreement. Additionally, pursuant to the Management Agreement, TMM: (a) is entitled to a quarterly management fee equal to 0.5% of the net asset value of the Corporation calculated as of the last business day of the relevant fiscal quarter; and (b) an annual performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends per common share during that fiscal year, exceeds the greater of $16.34 and the net asset value per common share as of the last business day of the preceding fiscal year.

Effective June 1, 2015, the Company and Jaelky Holdings Inc. ("Jaelky") entered into a consulting agreement. Mr. Andrew Davidson, the Chief Financial Officer of the Company, was and continues to be the sole director and sole voting shareholder of Jaelky. Jaelky is entitled to be paid a consulting fee of $20 (2018 - $20) plus GST on a monthly basis.

Related party balances

As at March 31, 2019, $919 is receivable (December 31, 2018 – $854 receivable) from Westcore Energy Ltd., which has been included in loans and advances receivable. The balance is non interest bearing and due on demand.

As at March 31, 2019, $501 is receivable (December 31, 2018 – $178 receivable) from OMM, which has been included in loans and advances receivable. The balance is non interest bearing and due on demand.

As at March 31, 2019, $31 is payable (December 31, 2018 – $5 receivable) to TMM, which has been included in accounts payable and accrued liabilities.

As at March 31, 2019, 2018, $119 is payable (December 31, 2018 - $71) to Jaelky, which has been included in accounts payable and accrued liabilities.

During the period ended March 31, 2019, the Company received $nil (December 31, 2018 - $37) in repayments from Allstar for amounts previously written-off.

8. Convertible debentures

a) On May 26, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on June 29, 2011 and July 11, 2011 and restructured on June 6, 2013 (the "original debentures"). Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 18,622,722 common shares, a new $3,104 senior secured convertible debenture (the "revised debentures") and 3,103,795 preferred shares (Series I), with a cumulative annual dividend rate of 2.5%. The preferred shares are redeemable by the Corporation after the third anniversary of the issuance date.

The revised debentures have a 5 year term, maturing June 29, 2020, bear interest from the date of issuance at 2.5% per annum (previously 9%) which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on June 29 in each of 2016, 2017, 2018, 2019 and on maturity.

The revised debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on June 29, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

The restructuring was accounted for as an extinguishment for accounting purposes, which resulted in a gain on extinguishment of $9,390. The original debentures were derecognized and the revised debentures, preferred shares and common shares were measured at their fair values on the date of the restructuring with an effective interest rate of 12%. The fair value of the revised debentures of $2,041 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $1,063. In addition, the $647 fair value of the preferred share cumulative dividend was estimated using discounted future cash flows and was allocated to the debt component of the preferred shares. The residual value of the revised debentures and preferred shares were allocated to equity, and the common shares were valued using the market price at the date of the restructuring. The carrying value of the liability component of the revised debentures as at March 31, 2019 was $2,555 (December 31, 2018 - $2,497).

b) On December 18, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on September 23, 2010 and October 13, 2010 and restructured on June 6, 2013 (the "original debentures"). Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 4,605,979 common shares, a new $1,896 senior secured convertible debenture (the "revised debentures"), $880 in subordinated debentures (Note 9) and 767,663 preferred shares (Series II), with a cumulative annual dividend rate of 2.5%. The preferred shares are redeemable by the Corporation after the third anniversary of the issuance date.

The revised debentures have a 5 year term, maturing December 18, 2020, bear interest from the date of issuance at 2.5% per annum (previously 9%) which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on December 18 in each of 2016, 2017, 2018, 2019 and on maturity.

The revised debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on December 18, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

(in thousands of Canadian dollars, except securities and per share amounts)

8. Convertible debentures - continued

The restructuring was accounted for as an extinguishment for accounting purposes, which resulted in a gain on extinguishment of $3,411. The original debentures were derecognized and the revised debentures, subordinate debentures, preferred shares and common shares were measured at their fair value on the date of the restructuring with an effective interest rate of 12%. The fair value of the revised debentures of $1,248 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $650. In addition, the $160 fair value of the preferred share cumulative dividend was estimated using discounted future cash flows and was allocated to the debt component of the preferred shares. The residual value of the revised debentures and preferred shares were allocated to equity, and the common shares were valued using the market price at the date of the restructuring. The carrying value of the liability component of the revised debentures as at March 31, 2019 was $1,571 (December 31, 2018 - $1,535).

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, January 1, 2018	$ 4,622	$ 3,710	$ 1,583
Conversions	(43)	(29)	(15)
Accretion	-	351	-
Balance at December 31, 2018	4,579	4,032	1,568
Conversions	(23)	-	-
Accretion	-	94	-
Balance, March 31, 2019	**$ 4,556**	**$ 4,126**	**$ 1,568**

9. Subordinate debentures

On December 18, 2015 as part of the debenture restructure as described in Note 8(b), $881 in subordinated debentures were issued.

The subordinated debentures have a 5 year term, maturing December 18, 2020, bear interest from the date of issuance at 2.5% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on December 18 in each of 2016, 2017, 2018, 2019 and on maturity.

The debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on December 18, 2020, into fully paid, non-assessable common shares of the Corporation at a conversion price of $0.50 per common share.

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, January 1, 2018	$ 880	$ 680	$ 301
Accretion	-	61	-
Balance at December 31, 2018	880	741	301
Accretion	-	16	-
Balance, March 31, 2019	**$ 880**	**$ 757**	**$ 301**

Subject to certain conditions precedent, the Corporation may redeem the revised debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date.

(in thousands of Canadian dollars, except securities and per share amounts)

9. Subordinate debentures - continued

The fair value of the subordinate debentures of $579 was estimated using discounted future cash flows, and the difference between the fair value and the principal amount was allocated to the conversion feature in the amount of $301. The carrying value of the liability component of the subordinate debentures as at March 31, 2019 was $757 (December 31, 2018 - $741).

10. Deferred income taxes

As of December 31, 2018, the Corporation has non-capital losses of $10,377 (December 31, 2017 - $9,638) available to carry forward to reduce future years' taxable income with expiration ranging from 2033 to 2037.

Tax attributes are subject to review, and potential adjustment, by tax authorities.

11. Common shares, preferred shares and contributed surplus

Authorized:

An unlimited number of voting common shares without par value, an unlimited number of non-voting first preferred shares (Series I) with a redemption value of $1, and an unlimited number of non-voting first preferred shares (Series II) with a redemption value of $1. All shares are fully paid.

Issued and outstanding

On December 12, 2018, the Corporation completed a non-brokered rights offering whereby one right was issued for each common share outstanding. Two rights and $0.02 entitled the holder to receive one common share. 22,628,531 common shares were issued, for gross proceeds of $452. In connection with the financing the Corporation incurred share issue costs of $28.

	Common shares		Preferred shares	
	Quantity	**Amount**	**Quantity**	**Amount**
Balance at January 1, 2018	60,189,884	$ 70,313	3,440,052	$ 2,723
Stock options exercised	22,628,531	424	-	-
Debenture conversions	86,006	43	-	-
Preferred share conversions	102,212	53	(51,106)	(41)
Balance at December 31, 2018	83,006,633	70,833	3,388,946	2,682
Debenture conversions	46	-	-	-
Preferred share conversions	-	-	-	-
Balance at March 31, 2019	83,006,679	$ 70,833	3,388,946	$ 2,682

The first preferred shares are convertible at the option of the holder into common shares at a conversion price of $0.50 per common share and were valued at issuance at $1.00 per preferred share. The preferred shares bear a cash dividend at the rate of 2.5% payable annually in arrears.

(in thousands of Canadian dollars, except securities and per share amounts)

11. Common shares, preferred shares and contributed surplus - continued

Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved a stock option plan (the "2008 Option Plan"), pursuant to which the directors may from time to time grant options for up to 10% of its issued and outstanding shares, all options vest immediately upon issuance. The purpose of the 2008 Option Plan is to attract, retain and motivate directors, employees and consultants of the Corporation and its subsidiaries and to advance the interests of the Corporation by providing such persons with the opportunity, through stock options, to acquire an equity interest in the Corporation.

A summary of the status of the 2008 stock option plan and changes to outstanding and exercisable stock options during the year is presented below:

	March 31, 2019		December 31, 2018	
	Options	**Price**	**Options**	**Price**
Beginning of period	5,240,000	$ 0.16	5,240,000	$ 0.16
Options cancelled	(160,000)	0.50	-	-
End of period	**5,080,000**	**$ 0.16**	**5,240,000**	**$ 0.16**

As at March 31, 2019, the weighted average remaining life of stock options is 6.56 years (December 31, 2018 – 6.62 years).

On November 24, 2017, the board of directors of the Corporation approved the grant of 900,000 stock options pursuant to the 2008 Option Plan. 600,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $0.07 per share, vest immediately and, if not exercised, expire November 24, 2027, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX-V.

The value of options issued on November 24, 2017, using the Black-Scholes option pricing model, was $54 ($0.06 per option) which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 1.77%, expected life of 10 years, annualized volatility 113.12% and dividend rate of nil.

Warrants

A summary of the outstanding and exercisable warrants during the year is presented below:

	March 31, 2019		December 31, 2018	
	Warrants	**Price**	**Warrants**	**Price**
Beginning and End of period	**10,000,000**	**$ 0.11**	**10,000,000**	**$ 0.11**

As at March 31, 2019, the weighted average remaining life of warrants is 0.21 years (December 31, 2018 – 0.45 years).

(in thousands of Canadian dollars, except securities and per share amounts)

11. Common shares, preferred shares and contributed surplus - continued

On June 15, 2016, the Corporation issued 6,000,000 share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of $0.15 for a period of 24 months and vested immediately. In accordance with the Corporation's accounting policy, in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at $269. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 148.67%, and a risk free interest rate of 0.49%. These warrants expire on June 15, 2018.

On August 17, 2016, the Corporation issued 4,000,000 share purchase warrants as part of a financing completed. Each warrant entitles the holder to purchase one common share of the Corporation at a price of $0.15 for a period of 22 months and vested immediately. In accordance with the Corporation's accounting policy, in regards to unit bifurcation, the Corporation calculated the relative fair value of these warrants at $144. Assumptions used in the Black-Scholes option pricing model were as follows: dividend yield 0%, expected volatility of 154.08%, and a risk free interest rate of 0.56%. These warrants expire on June 15, 2018.

On June 11, 2018, the expiry of 10,000,000 warrants, originally expiring on June 15, 2018, were extended to June 15, 2019. In addition, 8,260,000 warrants were repriced from $0.15 to $0.11.

Contributed surplus

A summary of the contributed surplus activity is as follows:

	March 31, 2019	December 31, 2018
Balance, Beginning and End of period	**$ 5,337**	**$ 5,337**

EPS and diluted EPS

Net income (loss) attributable to common shareholders	$ 2,319	$ (1,333)
Weighted average number of common shares - basic	83,006,859	60,231,450
Weighted average number of common shares - diluted	83,006,859	60,231,450
Basic loss per common share - basic	$ 0.03	$ (0.02)
Basic loss per common share - diluted	$ 0.03	$ (0.02)

All stock options, convertible debentures and preferred shares were excluded from the diluted weighted average number of shares calculation for the three months ended March 31, 2019 and 2018, as their effect would have been anti-dilutive.

11. Common shares, preferred shares and contributed surplus - continued

Shareholder rights plan

The directors of the Corporation have approved a shareholder rights plan ("Rights Plan"). In the event a bid to acquire control of the Corporation is made, the Rights Plan is designed to give the directors of the Corporation time to consider alternatives to allow shareholders to receive full and fair value for their shares. In the event that a bid, other than a permitted bid, is made, shareholders become entitled to exercise rights to acquire common shares of the Corporation at a significant discount to the market price.

12. Capital management

The Corporation defines capital as shareholders' equity.

The Corporation's objectives when managing capital are:

(a) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
(b) to provide sustained growth and value by increasing equity; and,
(c) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:

(a) realizing proceeds from the disposition of its investments;
(b) utilizing leverage in the form of margin (due from brokers);
(c) raising capital through equity financings;
(d) borrowing funds in the form of advances from related parties; and,

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the year. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis.

13. Financial instruments and risk management

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

(a) Liquidity risk:

Liquidity risk is the risk that the Corporation will have insufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions, generally or related to matters specific to the Corporation, or if the value of the Corporation's investments decline, resulting in losses upon disposition.

The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments.

13. Financial instruments and risk management - continued

(a) Liquidity risk: - continued

The Corporation may use financial leverage (or "margin") when purchasing investments. Trading on margin allows the Corporation to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Corporation to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Corporation's positions and the Corporation's investments decline in value, the Corporation may be required to provide additional funds to its brokers.

Given the nature of the Corporation's business, the Corporation may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Corporation's obligations.

The Corporation has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Corporation's investments in order to meet margin calls could have a materially adverse impact on the Corporation's operating results. The Corporation manages liquidity risk by reviewing the amount of margin available and managing its cash flow. The Corporation holds investments which can be readily converted into cash when required.

(b) Market risk:

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

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

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at March 31, 2019 and December 31, 2018, the Corporation had no liabilities payable that bear interest at rates fluctuating with the prime rate.

(d) Credit risk:

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

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which the customers operate, as these factors may have an influence on credit risk, particularly in the current economic circumstances.

At March 31, 2019 the Corporation had loans and advances receivable and accounts receivable and prepaid expenses from companies, totaling $1,829 (December 31, 2018 - $1,424) which represents approximately 11.3% (December 31, 2018 – 10.4%) of the Corporation's total assets. During the period ended March 31, 2019 an impairment loss of $nil (March 31, 2018 – $nil) and a recovery for doubtful accounts provision of $nil (March 31, 2018 allowance for doubtful accounts – $nil) was recorded.

13. Financial instruments and risk management - continued

(e) Commodity price risk:
Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted not only by the relationship between the Canadian and United States dollar, but also by world economic events that dictate the levels of supply and demand.

In the past, and from time to time, the Corporation has attempted to mitigate a portion of its commodity price risk through the use of the futures contract, as at March 31, 2019 and December 31, 2018 – all futures contracts have been disposed.

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

Fair value hierarchy and determination of fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Corporation and its subsidiaries uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

The fair value of the financial instruments is included at the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described, as follows, based on the lowest-level input that is significant to the fair value measurement as a whole:

Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 — Valuation techniques for which the lowest-level input that is significant to the fair value measurement is unobservable

(in thousands of Canadian dollars, except securities and per share amounts)

13. Financial instruments and risk management - continued

(f) Fair value: - continued

For assets and liabilities that are recognized in the financial statements on a recurring basis at fair value, the Corporation determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest-level input that is significant to the fair value measurement as a whole) at the end of each reporting period. The Corporation assets that are recognized at fair value on a recurring basis are the equity investments.

The following is a summary of the fair value of investments segregated based on the various levels of inputs, as discussed in Note 2:

	Level 1	Level 2	Level 3	Total
Equity investments, at fair value	**$ 6,805**	**$ -**	**$ 1,304**	**$ 8,109**
	$ 6,805	**$ -**	**$ 1,304**	**$ 8,109**

For the three month period ended March 31, 2019, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance at December 31, 2018	$ 2,304
Realized gain on disposal	(500)
Fair value adjustments	(500)
Balance at March 31, 2019	$ 1,304

Within Level 3, the Corporation includes private company investments. The key assumptions driving the valuation of these instruments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental. A +/- 25% change in the fair value of these investments will result in a corresponding +/- $326 (December 31, 2018 - $576) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different circumstances.

The sensitivity analysis is intended to reflect the uncertainty inherent in the valuation of these investments under current market conditions and its results cannot be extrapolated due to non-linear effects that changes in valuation assumptions may have on the fair value of these investments. Furthermore, the analysis does not indicate a probability of such changes occurring and it does not necessarily represent the Corporation's view of expected future changes in the fair value of these investments. Any management actions that may be taken to mitigate the inherent risks are not reflected in this analysis.

(in thousands of Canadian dollars, except securities and per share amounts)

14. Supplemental cash flow information

The following table summarizes the net changes in non-cash working capital items related to operating activities:

For the three months ended March 31,		2019		2018
Accounts receivable and prepaid expenses	$	1	$	1
Accounts payable and accrued liabilities		168		63
	$	**169**	**$**	**64**

Non-cash transactions:		2019		2018
Convertible debentures converted to common shares	$	-	$	23
Preferred shares converted to common shares	$	-	$	19
Interest paid in the year	$	3	$	2
Income taxes paid in the year	$	-	$	-

15. Events after the reporting period

On May 5, 2019, the board of directors of the Corporation approved the grant of 3,050,000 stock options pursuant to the 2008 Option Plan. 2,000,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $0.05 per share, vest immediately and, if not exercised, expire May 5, 2029, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX-V.