49NORTH RESOURCES INC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 30, 2014

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited condensed consolidated 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 Canadian Institute of chartered Accountants for a review of interim financial statements by an entity's auditors.

49 North Resources Inc.
Condensed Consolidated Interim Statement of Financial Position
(unaudited - in thousands of Canadian dollars)
(See Note 1 – Description of business and going concern)

		September 30 2014		December 31 2013
ASSETS				
Current assets				
Cash and cash equivalents	$	2,847	$	8,224
Equity instruments, at fair value (Note 4)		7,130		6,987
Loans and advances receivable (Note 5)		169		274
Income tax receivable		9		102
Accounts receivable and prepaid expenses		2,720		669
		12,875		**16,256**
Non-current assets				
Exploration and evaluation assets (Note 6)		23,328		20,154
Property, plant and equipment (Note 7)		641		687
Total assets	**$**	**36,844**	**$**	**37,097**
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	$	6,070	$	6,246
Management fees and reimbursements payable (Note 8)		73		73
		6,143		**6,319**
Non-current liabilities				
Convertible debentures (Note 9)		15,428		14,943
Drilling advances & loans payable (Note 10)		2,014		13
Decommissioning liabilties (Note 11)		960		936
Deferred income tax liabilities (Note 12)		1,012		1,012
Total liabilities		**25,557**		**23,223**
Commitments (Note 14)				
EQUITY				
Common shares (Note 13)		65,871		65,871
Contributed surplus (Note 13)		3,714		3,123
Equity portion of convertible debentures (Note 9)		1,993		1,993
Deficit		(62,722)		(59,510)
Equity attributable to common sharholders		8,856		11,477
Non-controlling interests		2,431		2,397
		11,287		**13,874**
Total liabilities and equity	**$**	**36,844**	**$**	**37,097**

Approved by the Board

“Tom MacNeill
Director

“Andrew Cook”
Director

49 North Resources Inc.
Condensed Consolidated Interim Statement of Loss and Comprehensive Loss
(unaudited - in thousands of Canadian dollars, except securities and per share amounts)

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Continuing operations				
Revenues				
Oil and gas sales	$ 55	$ 321	$ 121	$ 607
Geological and other consulting	2,089	621	9,736	2,210
Realized gains (losses)	173	165	(314)	(297)
Unrealized (losses) gains on portfolio investments (note 3)	(775)	(10)	(277)	(4,435)
Royalty income	-	5	-	5
Interest and dividend income	50	122	819	326
	1,592	**1,224**	**10,085**	**(1,584)**
Expenses				
Oil and gas operations	37	587	78	1,466
Amortization and depletion	26	27	81	83
Business and investor relations	97	126	352	466
Finance	581	579	1,577	1,871
Management fees (Note 9)	57	36	164	316
General and administration	415	309	1,359	1,283
Professional fees	150	171	550	424
Project costs on geological and other consulting activities	1,789	187	7,762	827
Share based compensation (Note 16)	62	305	86	305
Transaction costs	7	8	18	22
Wages and benefits	447	477	1,437	1,663
	3,668	**2,812**	**13,464**	**8,726**
Gain on debenture restructure	-	-	-	426
Impairment of exploration and evaluation asset (Note 6)	-	-	-	(1,630)
Impairment of goodwill (Note 7)	-	(531)	-	(531)
Loss before income taxes	**(2,076)**	**(2,119)**	**(3,379)**	**(12,045)**
Current income tax (recovery)	(60)	(2)	25	41
Deferred income tax (recovery)	-	(458)	-	(2,206)
Net loss from continuing operations	**$ (2,016)**	**$ (1,659)**	**$ (3,404)**	**$ (9,880)**
Loss to common shareholders from continuing operations	(1,827)	(1,596)	(3,212)	(8,802)
Income to common shareholders from discontinued operations	-	-	-	-
Loss to non-controlling interest from continuing operations	(189)	(63)	(192)	(1,078)
Income to non-controlling interest from discontinued operations	-	-	-	-
Net loss and comprehensive loss	**$ (2,016)**	**$ (1,659)**	**$ (3,404)**	**$ (9,880)**
Basic and diluted loss per share (Note 15)	**$ (0.09)**	**$ (0.08)**	**$ (0.15)**	**$ (0.43)**
Weighted average number of shares outstanding	**21,053,077**	**21,053,077**	**21,053,077**	**20,428,917**

49 North Resources Inc.
Condensed Consolidated Interim Statement of Changes in Equity
(unaudited - in thousands of Canadian dollars)

	Common Shares	Attributable to the common shareholders					Non-controlling interests	Total Equity
		Share Capital	Contributed Surplus	Equity portion of convertible debentures	Deficit	Total		
Balance, January 1, 2013	**15,628**	**$ 57,862**	**$ 2,533**	**$ 1,516**	**$ (30,602)**	**$ 31,309**	**$ 3,051**	**$ 34,360**
Acquisition of 2011 FTLP (Note 3)	3,417	5,022	-	-	-	5,022		5,022
Acquisition of 2012 FTLP (Note 3)	2,149	3,159	-	-	-	3,159	-	3,159
2011 Debenture restructure	-	-	-	413	-	413	-	413
2010 Debenture restructure	-	-	-	18	-	18	-	18
Acquisition of subsidiaries and changes to non-controlling interests	-	-	(484)	-	-	(484)	(237)	(721)
Share based compensation	-	-	305	-	-	305	-	305
Shares cancelled under normal course issuer bid (Note 13)	(141)	(172)	-	-	-	(172)	-	(172)
Net loss and comprehensive loss	-	-	-	-	(8,802)	(8,802)	(1,078)	(9,880)
Balance, September 30, 2013	**21,053**	**$ 65,871**	**$ 2,354**	**$ 1,947**	**$ (39,404)**	**$ 30,768**	**$ 1,736**	**$ 32,504**

	Common Shares	Share Capital	Contributed Surplus	Equity portion of convertible debentures	Deficit	Total	Minority Interest	Total Equity
Balance, January 1, 2014	**21,053**	**$ 65,871**	**$ 3,123**	**$ 1,993**	**$ (59,510)**	**$ 11,477**	**$ 2,397**	**$ 13,874**
Acquisition of subsidiaries and changes to non-controlling interests	-	-	505			505	3	508
Warrants issued in subsidiaries			-			-	223	223
Share based payments in subsidiaries			2			2		2
Share based compensation	-	-	84	-	-	84	-	84
Net loss and comprehensive loss	-	-	-	-	(3,212)	(3,212)	(192)	(3,404)
Balance, September 30, 2014	**21,053**	**$ 65,871**	**$ 3,714**	**$ 1,993**	**$ (62,722)**	**$ 8,856**	**$ 2,431**	**$ 11,287**

49 North Resources Inc.
Condensed Consolidated Interim Statement of Cash Flows
(unaudited - in thousands of Canadian dollars)

	For the three months ended September 30		For the nine months ended September 30	
	2014	2013	2014	2013
Cash flows from Operating Activities				
Net loss	$ (2,016)	$ (1,659)	$ (3,404)	$ (9,880)
Items not affecting cash				
Realized (gains) losses	(173)	759	314	297
Amortization and depletion	26	27	81	83
Deferred income tax (recovery) expense	-	(458)	-	(2,206)
Accretion of convertible debentures	175	211	485	828
Stock based compensation	62	305	86	305
Impairment	-	531	-	2,161
Unrealized losses (gains)	775	11	277	4,435
Net changes in non-cash working capital items related to operations:	923	(330)	(1,459)	(1,432)
	(228)	**(603)**	**(3,620)**	**(5,409)**
Cash flows from Investing Activities				
Purchase of capital assets	-	(5)	(35)	(38)
Purchase of investments	(515)	(212)	(1,747)	(1,019)
Proceeds from disposal of investments	642	1,131	1,198	2,167
Exploration and development	(498)	(1,000)	(3,174)	(1,247)
Loan advances (repayments)	-	(44)	2,001	162
Acquisition of subsidiary (net of cash)	-	-	-	-
	(371)	**(130)**	**(1,757)**	**25**
Cash flows from Financing Activities				
Repurchase of common shares	-	-	-	(171)
Repayment of Promissory notes	-	-	-	(509)
	-	-	-	**(680)**
Net change in cash during the period	**(599)**	**(733)**	**(5,377)**	**(6,064)**
Cash, beginning of period	3,446	2,767	8,224	8,098
Cash, end of period	**$ 2,847**	**$ 2,034**	**$ 2,847**	**$ 2,034**
Cash consists of:				
Cash and cash equivalents			$ 3,446	$ 2,034
Bank indebtedness			-	-
			$ 3,446	**$ 2,034**
Non cash transactions				
Common shares issued for acquisition of subsidiaries	$ -	$ -	$ 8,180	$ 8,180
Loan repayments via acquisition of subsidiaries	$ -	$ -	$ (1,035)	$ (1,035)
Subsidiary proceeds in receivables and prepaid	$ (375)	$ -	$ (375)	$ -
Receivable settled by issuance of shares	$ -	$ -	$ 30	$ -

1. Description of business and going concern

Description of business

49 North Resources Inc. (the "Corporation") is a resource investment, financial, managerial and geological 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. In addition, the Corporation 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.

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.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the ordinary course of business. To date, the Corporation has incurred accumulated losses totalling $62,546 and $3,228 net loss in the current year. The Corporation relies on cash flow from actively trading in its investment portfolio to fund corporate operations. The Corporation's continuance as a going concern is dependent upon its ability to generate cash flow from its portfolio of investments. Management is addressing the going concern issue through continued trading activities in our portfolio of investments and general corporate cost cutting measures.

The recoverability of the Corporation's portfolio of investments, including its investments in subsidiaries, is dependent upon continuance as a going concern. Additionally, the recoverability of the accumulated costs shown for mineral properties, oil and gas working interests and capital assets held in certain of its subsidiary companies is dependent upon the existence of economically recoverable reserves, future profitable production and on the respective subsidiary companies ability to obtain the necessary financing to fund their operations. The subsidiary companies rely on debt, equity and joint venture financings as well as cash flow from oil and gas activities to fund their corporate operations, including the exploration and evaluation of their properties.

There can be no certainty as to the ability of the Corporation to obtain sufficient financing to continue its operations including operation of its subsidiaries or for its subsidiary companies to recover their exploration and evaluation assets or to obtain sufficient financing to continue their operations. Accordingly, there is significant uncertainty as to the ability of the Corporation and its subsidiary companies to continue as going concerns.

These financial statements do not reflect any adjustments or other changes that may be required should the Corporation or any of its consolidated subsidiaries be unable to continue as a going concern. Such adjustments could be material.

2. Significant accounting policies

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS 34, Interim Financial Reporting. The condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Corporation's annual consolidated financial statements as at and for the year ended December 31, 2013.

The condensed consolidated interim financial statements of the Corporation, which comprise 49 North Resources Inc. and all of its subsidiaries for the nine month period ended September 30, 2014 were authorized for issuance by the Corporation's board of directors on November 25, 2014.

2. Significant accounting policies (continued)

Basis of preparation

These condensed consolidated 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.

Basis of consolidation

The condensed consolidated financial statements comprise the financial statements of the Corporation as at September 30, 2014 and its consolidated subsidiaries. Control is achieved when the Corporation is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Corporation controls an investee if, and only if, the Corporation has all of the following:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

The Corporation reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Corporation gains control until the date the Corporation ceases to control the subsidiary.

New accounting pronouncements

Certain new accounting standards and interpretations have been published that are mandatory for the December 31, 2014 reporting year. The following is a brief summary of the new standards adopted in the year:

IFRS 9 Financial Instruments

IFRS 9 addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39 for debt instruments with a new mixed measurement model having only two categories: amortized costs and fair value through profit and loss. IFRS 9 also replaces the models for measuring equity instruments and such instruments are either recognized at fair value through profit and loss or at fair value through other comprehensive income. The effective date of this standard has not been determined.

IAS 32 - Financial Instruments: Presentation

IAS 32 provides clarification on the application of offsetting rules. These amendments are effective for annual periods beginning on or after January 1, 2014.

IAS 36 - Impairment of Assets

IAS 36 requiring disclosure of the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal, when an impairment loss is recognized or when an impairment loss is subsequently reversed. These amendments are effective for annual periods beginning on or after January 1, 2014. The Corporation does not expect the amendments to have impact on its consolidated financial statements.

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

3. Acquisitions

Acquisition of Omineca Mining and Metals Ltd ("OMM")

On October 1, 2013, in conjunction with its previously equity accounted investee CVG Mining Ltd. (CVG), the Corporation completed a transaction with Omineca Mining and Metals Ltd. ("OMM" as TSX.V company) whereby it exchanged its direct interests in the Wingdam Gold Project in Quesnel, British Columbia ("Wingdam"), its 40% interest in CVG (CVG's only asset being an interest in Wingdam), and the debentures owing from CVG for common shares of OMM and OMM's assumption of the debentures. As a result of the transaction, the Corporation's beneficial ownership in Wingdam decreased from 93% to 69%, the Corporation's direct ownership interest in OMM increased to 69% from 6.03%, CVG became a wholly owned subsidiary of OMM and CVG now owns a 100% interest in Wingdam. As such, both OMM and CVG are now consolidated subsidiaries of the Corporation. As neither OMM nor CVG meet the definition of a business under IFRS 3, the transaction was accounted for as asset acquisition with fair value of consideration exchanged allocated to net assets acquired.

In accordance with the terms of the agreement, the Corporation received 44,145,929 common shares of OMM as consideration, with OMM further assuming the debentures that was previously due to the Corporation from CVG. The debentures are eliminated on consolidation.

In estimating the fair value of the amounts exchanged in the transaction, and ultimately the Wingdam project at the date of the transaction, the Corporation considered the following:

- The fair of the shares issued by OMM (OMM being traded on the TSX Venture Exchange both before and after the transaction), giving consideration to the escrow sales restrictions on these shares. Management used the Black-Scholes option pricing model to estimate the fair value of the shares received taken into consideration the timing of the shares restriction, expected volatility and other factors.
- The fair value of the convertible debentures issued in favor of the Corporation by OMM taken into consideration the future cash out flows and estimated market discount rate that reflects the risks associated with the debentures and with no regard to the conversion feature.

The estimated fair values of the OMM and CVG assets and liabilities recorded on the acquisition of control including the debenture were:

Wingdam	$4,416
Fair value of other OMM assets and liabilities	1,273
Total	$5,689

The $12,398 difference between the sum of $8,744 and $9,343 and $5,689, being the carrying values of the Corporation's direct interest in Wingdam, its indirect interest in Wingdam held through CVG, and its original 6.03% holding in OMM and $5,689, being 49 North`s share of the fair value of the assets acquired resulting respectively were recorded as an impairment on Wingdam.

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

3. Acquisitions (continued)

Acquisition of the 49 North 2011 Resource Flow-Through Limited Partnership ("2011 FTLP") and the 49 North 2012 Resource Flow-Through Limited Partnership ("2012 FTLP")

On February 1, 2013, the Corporation completed the acquisition of all of the net assets of the 49 North 2011 Resource Flow-Through Limited Partnership and the 49 North 2012 Resource Flow-Through Limited Partnership. The net asset was acquired in exchange for the issuance of 5,565 common shares of the Corporation to the partners of the 2011 and 2012 FTLPs. Subsequent to the acquisition, both FTLPs were wound up and dissolved.

The acquisition has been accounted for as an asset acquisition as neither the 2011FTLP, 2012 FTLP nor the underlining assets meet the definition of business, as defined in IFRS 3, Business Combination. The consideration of the transaction was determined using the Corporation share price on January 10, 2013 (1.47 per share), being the date where the Corporation assumed the risks and rewards relating to the assets acquired.

As a result of the transaction, the Corporation also gained control over Big Island Energy Ltd. (100%), Purcell Range Exploration Ltd (59.7% - dissolved March 25, 2014) and 101197159 Saskatchewan Ltd (100% subsequently dissolved in 2013). The consideration has been allocated as follows:

	2011 FTLP	2012 FTLP	Total
Net assets acquired			
Cash and cash equivalent	$ 513	$ 443	$ 956
Equity Investments	2,673	979	$ 3,652
Exploration and evaluation assets	2,129	1,932	$ 4,061
Liabilities	160	195	$ 355
Minority interest	133	-	$ 133
Net fair value	**$ 5,022**	**$ 3,159**	**$ 8,181**
Consideration Given			
Common share issued	3,417	2,149	5,566
Price per share at date of agreement	$ 1.47	$ 1.47	$ 1.47
Total consideration	**$ 5,022**	**$ 3,159**	**$ 8,181**

Acquisition of Kimpar Resources Ltd ("Kimpar") non- controlling interest and disposition of Gespeg Cooper Resources Inc ("Gespeg")

On March 2013, the Corporation acquired 19.9% of the remaining 20% of Kimpar (previously controlled subsidiary) common shares in exchange for shares of Gespeg. As the transactions did not result in the Corporation obtaining or losing controls in any of Kimpar or Gespeg both transactions were treated as equity transitions.

Subsequent to the transaction, the Corporation dissolved Kimpar and rolled up its assets into the Corporation directly.

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

4. Equity investments

As at September 30, 2014 and December 31, 2013, the Corporation's investments consist of the following:

	September 30, 2014		December 31, 2013	
	Cost	FMV	Cost	FMV
Base and Precious Metals	14,738	2,401	14,926	2,618
Coal	5,956	285	5,884	263
Diamonds	265	178	390	96
Oil & Gas	4,247	1,459	4,344	2,243
Other	3,485	2,617	2,848	1,512
Uranium	987	190	884	255
	$ 29,678	**$ 7,130**	**$ 29,276**	**$ 6,987**

The equity investments consist of investment in common shares of corporations of which 33.05% of the fair value are private, 60.20% are listed on the TSXV, 4.09% are listed on the CNSX and 2.43% are listed on the TSX and 0.23% are defunct or delisted as of September 30, 2014.

As in prior years, 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 for brokers and other analysis. Based on this review, management has recorded a $647 (2013 - $17) unrealized loss on certain private Corporation investments.

5. Loans and advances receivable

	September 30, 2014	December 31, 2013
Unrelated corporations	$ 166	$ 266
Unrelated individuals	3	8
	$ 169	**$ 274**

The loans to unrelated individuals and unrelated corporations bear interest at rates between prime plus 2% and prime plus 5%.

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

6. Exploration and evaluation assets

	Manitoba	Saskatchewan oil & gas	British Columbia	Yukon	Quebec	Total
Balance, January 1, 2013	$ 162	$ 6,359	$ 9,455	$ -	$ 3,342	$ 19,318
Acquisition of subsidiaries	-	2,303	1,758	208	-	**4,269**
Less exchange of Wingdam interest	-	-	(1,299)	-	-	**(1,299)**
Exploration	-	2,887	-	-	562	**3,449**
Net results of sample sales	-	(224)	-	-	-	**(224)**
Impairment	(162)	-	(3,514)	-	(1,651)	**(5,327)**
Disposal	-	(32)	-	-	-	**(32)**
Balance, December 31, 2013	$ -	$ 11,293	$ 6,400	$ 208	$ 2,253	$ 20,154
Exploration	-	2,391	242	-	220	**2,853**
Net results of sample sales	-	381	-	-	-	**381**
Government refund	-	-	-	-	(60)	**(60)**
Balance, September 30, 2014	$ -	$ 14,065	$ 6,642	$ 208	$ 2,413	$ 23,328

Manitoba properties

In fiscal 2010, the Corporation applied for and was granted coal permits with the Government of Manitoba and has initiated airborne analysis of these possible permit locations.

On April 27, 2010, the Corporation and Westcore Energy Inc. (“Westcore”) entered into a binding agreement for the sale of an interest in the permits. Under the agreement, Westcore initially acquired a 50% interest in the property covered by the permits, together with all rights attaching to them with the ability to increase this interest to as much as 80%. The consideration payable to the Corporation under the agreement consisted of the issuance of an aggregate of 1,000,000 common shares in the capital of Westcore, together with an unsecured demand promissory note in the amount of $257, which was subsequently paid. Under the agreement, Westcore was to operate all exploration and drilling activities in respect of the property and bear responsibility for all exploration expenditures and related costs until such time as a bankable feasibility study was completed.

Westcore was obliged to expend not less than $500 on exploration expenses in respect of the properties during its 2010 – 2011 exploration program and would earn additional interest in these property based upon the following: (a) provided that Westcore incurred and paid exploration expenditures in excess of $1,000 on or before December 31, 2012 (met), Westcore will earn a further 10% interest in the property; and (b) provided that Westcore completed a bankable feasibility study in respect of the property on or before December 31, 2013, Westcore would earn a further 20% interest in the property. As Westcore has met the 2012 exploration requirement, it now holds a 60% interest in the property.

In conjunction with the review for impairment at year-end, the Corporation made the decision not to continue with exploration on the Manitoba properties. As such, an impairment loss of $162 (2012 - $nil) was recorded on the property, representing the full carrying value of the Manitoba properties.

6. Exploration and evaluation assets (continued)
British Columbia properties

Wingdam Property

The Corporation previously owned direct interest in Wingdam project in addition to the indirect interest owned through its equity investment in CVG. As a result of the Omineca transaction discused in Note 3 and the estimated fair value of Wingdam project established by management, all carrying amounts relating to Wingdam project has been recognized now as part of exploration and evaluation asset and written down to an estimated value of $ 6,400. Accordingly an amount of $ 3,055 was recorded as impairment relating to Wingdam project.

The Corporation, through its 69% ownership of Omineca, owns a 100% undivided interest in certain mineral rights located in the province of British Columbia, subject to a 1% net smelter royalty. The Corporation has the ability to acquire the rights to the net smelter royalties from the holder at any time with a cash payment of $1,000. After the completion of the extraction of a bulk sample, the Wingdam project was put into a care and maintenance mode in August of 2012. During the care and maintenance period, the Corporation is required to carry out a program of site monitoring and maintenance prescribed in permits issued by agencies governing mining in the Province of British Columbia.

In conjunction with completing the transaction with Omineca, as is described in Note 3, all previous working interest and royalty agreements held by the Corporation were eliminated.

Goatfell Property

The Corporation, through its subsidiary Purcell, has an option to earn 60% of the Goatfell Property near Creston British Columbia. At December 31, 2013 the Corporation decided not to proceed under the option agreement. As such, the full carrying value of $459 was impaired.

Yukon Properties

Kiwi Project
The Corporation, through its 69% ownership of Omineca, owns a 100% interest in the Kiwi Project in the Yukon Territory. In 2013, the Omineca completed an option agreement with HFX Holding Corp, ("HFX"), whereby HFX can acquire a 100% interest in the Kiwi project by making $320,000 in cash payments and issuing 800,000 common shares to Omineca over six years. Omineca will retain a 2% net smelter royalty on the project, which may be reduced to 1% upon payment of $1,000 in cash.

Saskatchewan oil & gas

The Corporation, through its subsidiary Allstar, controls approximately 23,094 acres of land with 100% of the rights to explore for, and develop petroleum and natural gas. Given the limited success on initial drill results in the Red Pheasant property, management determined that impairment indicators were evident and that a $2.5 million impairment allowance was needed in 2012. The analysis in 2013 shows that no further impairment is required.

On initial acquisition of both the Red Pheasant and Riverside properties management believed that they would be in economical production in a short period of time and accordingly classified these properties as developed and producing under the Company's accounting policies. However, operational challenges within both properties and the fact that fewer than expected wells were drilled, it was decided that the properties which were in property plant & equipment in 2011 be moved to exploration and evaluation in 2012 as there was more planning and evaluation to be performed before the projected could become economically feasible. As of December 31, 2013 both projects were still in exploration and evaluation stage with minor sales from sample drilling which was credited against the exploration and evaluation asset.

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

6. Exploration and evaluation assets (continued)
Quebec properties

The Corporation, through its 52% ownership of its subsidiary Gespeg, holds an interest in certain mineral rights related to copper, molybdenum, industrial metals and quarry product properties in the Gaspe region of the Province of Quebec. Gespeg is committed to conduct exploration work representing capital expenditures in the amount of $2,000 over the next four years.

In conjunction with the review for impairment at year-end, the Corporation made the decision not to continue with exploration on certain of its Quebec properties. As such, an impairment loss of $1,651 (2012 - $nil) was recorded on the property, representing the full carrying value of these specific properties. Gespeg remains committed to completing further exploration work on the remaining properties. As such, no further impairment was deemed necessary.

7. Property, plant and equipment

	Total	**Oil & gas interests**	**Other Corporate Assets**
Cost:			
Balance at January 1, 2013	1,306	552	754
Additions	348	34	314
Dispositions	(176)	-	(176)
Write down of carry amount	(236)	(236)	-
Balance at December 31, 2013	1,242	350	892
Additions	35	-	35
Balance at September 30, 2014	**1,277**	**350**	**927**
Accumulated depletion and depreciation			
Balance at January 1, 2013	420	-	420
Depletion/depreciation expense	135	-	135
Dispositions	-	-	-
Balance at December 31, 2013	555	-	555
Depletion/depreciation expense	81	-	81
Balance at September 30, 2014	**636**	**-**	**636**
Total balance at September 30, 2014	**641**	**350**	**291**

The Corporation, through a working interest agreement with a private Saskatchewan oil and gas Corporation, has a 50% working interest in two oil and gas wells in Southeast Saskatchewan.

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

8. Corporation Information and Related party transactions

Information and subsidiaries
The consolidated financial statements of the Corporation include:

Name of subsidiary	Principal activities and country of incorporation	% of Equity 2014	2013
Allstar Energy Limited	Canadian incorporated oil and gas exploration Corporation	100%	100%
Omineca Mining and Metals Ltd.	Canadian incorporated gold exploration Corporation	69.6%	69.6%
North Rim Exploration Ltd.	Canadian incorporated geological consulting Corporation	50%	50%
Vicarage Capital Limited. ****	United Kingdom incorporated investment banking and consulting Corporation	50%	50%
Gespeg Copper Resources Inc.	Canadian incorporated copper exploration Corporation	36.5%	51.8%
Big Island Energy Ltd. ***	Canadian incorporated holding Corporation	0%	100%
Purcell Range Exploration Ltd. ***	Canadian incorporated holding Corporation	0%	59.7%
Kimpar Resources Inc.*	Dissolved in 2013	0%	0%
Newsk Emerging Resources Ltd. **	Dissolved in 2013	0%	0%
101197165 Saskatchewan Ltd. **	Dissolved in 2013	0%	0%
101197166 Saskatchewan Ltd. **	Dissolved in 2013	0%	0%

* In 2013, the Corporation obtained an additional 19.9% ownership in Kimpar Resources Ltd., distributed the remaining assets and dissolved the Corporation.
** Dissolved in 2013 and rolled up into the Corporation.
*** Dissolved in 2014.
**** Proportionally accounts for its share at Vicarage in the consolidated statements.

Compensation of key executive personnel

		Sept 30, 2014		Sept 30, 2013
Management fees to TMM Portfolio Management Inc.	$	152	$	249
Salaries to officers		143		139
Directors fees		-		4
Stock based compensation to directors and officers		58		234
	$	353	$	626

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.

8. Corporation Information and Related party transactions (continued)

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) starting withthe Corporation's fiscal year ended December 31, 2008, 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 April 1, 2013, TMM agreed to temporarily fix the management fee at $ 10,000 per month until February 1, 2014, post February 1, 2014 the management fee will equal to $ 17,000 per month and will remain at this level until such time as management and board of directors deem it appropriate to return the original compensation plan as documented in the management agreement.

<u>Related party transactions</u>
As at September 30, 2014, the Corporation had a $73 payable (2013 – $73) to TMM.

During the period ended September 30, 2014, Omineca paid $11 (2013 - $nil) for accounting services to a director and officer of the Omineca. At June 30, 2014, $3 (2013 – $nil) is included in accounts payable.

During the period ended September 30, 2014, Omineca paid $16 (2013 - $nil) for management services to a company owned by a director and officer of the Omineca.

During the period ended September 30, 2014, Omineca paid $6 (2013 - $nil) for consulting fees to a director of the Omineca. At June 30, 2014, $1 (2013 – $nil) is included in accounts payable.

During the period ended September 30, 2014, Omineca paid $24 (2013 - $nil) paid to a director for work done on the Wingdam project. These amounts have been capitalized as part of exploration and evaluation assets.

These transactions are recorded at fair value.

9. Convertible debentures

a) On June 6, 2013 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on June 29, 2011 and July 11, 2011. The revised debentures have a 4 year term, maturing June 29, 2017 and bear interest from the date of issuance at 9% per annum (previously 8%) which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on June 29 in each of 2014, 2015, 2016 and on maturity. The interest on the debentures otherwise payable on June 29, 2013 was capitalized to the principal of the revised debenture.

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, 2017, into fully paid, non-assessable common shares of the Corporation at a conversion price of $1.50 per common share (previously $4.50 per share).

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

9. Convertible debentures (continued)

The restructured debentures were accounted for as an extinguishment for accounting purposes, which resulted in gain on modification of $24. The original debentures were derecognized and new debentures were re-measured at their fair value on the date of the modification with an effective interest rate of 15%. The fair value of $10,288 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 $2,127. The carrying value of the debenture as at September 30, 2014 was $10,839 (2013 - $10,504).

b) On June 6, 2013 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on September 23, 2010 and October 13, 2010. The revised debenture has a 3 year term, maturing on September 23, 2016 and bear interest from the date of issuance at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, interest will be paid on September 23, 2014, 2015 and on maturity. Interest otherwise payable on September 23, 2013 will be capitalized to principal of the revised debenture.

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 September 23, 2016, into fully paid, non-assessable common shares of the Corporation at a conversion price of $1.50 per share.

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

The restructured debentures were accounted for as an extinguishment for accounting purposes and resulted in gain on modification equal of $305. The original debentures were derecognized and new debentures were re-measured at their fair value on the date of the modification with an effective interest rate of 15%. The fair value of $4,384 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 $696. The carrying value of the debenture as at March 31, 2014 was $4,589 (2013 - $4,438).

In conjunction with the debenture restructure, the Corporation now has a covenant that it will not incur any long-term debt that gives priority over the debentures. There are no financial or reporting covenants associated with the debentures.

10. Drilling advances & loans payable

Loans payable include various loans that bear interest at a range of 0% - 8% and have no specific terms of repayment. Loans which are unsecured and demand in nature are classified as a current liability.

On February 12, 2014, the Corporation, through its subsidiary Allstar, announced that it had entered into a binding letter of intent (the "LOI") with Canada Zhong An Energy Investment Ltd. ("Zhong An"). Under the terms of the LOI, Zhong An has made a $2,000 non-refundable drilling deposit that was to be used in drilling two (2) new wells in the Riverside field. These wells have been drilled and completions are underway.

Upon completion of the two well program, Zhong An has the right to finance an additional $10,00 to drill up to an additional 12 wells at Riverside to earn a 60% interest in the Allstar's oil and gas properties. Pending the completion of the definitive agreement, it is envisioned that, subject to Zhong An exercising its option, Zhong An and the Corporation will be 60:40 joint venture partners in Allstar's oil and gas properties.

Completion of the definitive agreement will be subject to the negotiation and satisfaction of a number of conditions, including but not limited to, each of the Corporation and Zhong An being satisfied with the results of their respective due diligence investigations and any required regulatory approvals.

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

11. Decommissioning liabilities

		September 30, 2014		December 31, 2013
Balance, beginning of year	**$**	**936**	**$**	**741**
Additions through acquisition of subsidiaries		-		157
Change in estimate		-		(15)
Liabilties incurred		-		-
Liabilities disposed		-		-
Accretion expense		24		53
Balance, end of year	**$**	**960**	**$**	**936**

The total of the decommissioning liabilities are estimated based on the Corporation's net ownership interest in all the wells and facilities, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Corporation has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be $1,612. The obligations have been discounted using a risk free rate of 3% and an inflation rate of 2% per year. Most of these obligations are not expected to be paid until approximately 15 years in the future and will be funded from general Corporation resources at that time.

12. Deferred income taxes

As of December 31, 2013 the Corporation has approximately the following tax pools available as a deduction from future income at the prescribed tax rates. These tax pools are subject to confirmation by income tax authorities:

		2013		2012
Non-capital losses carried forward	$	13,484	$	6,454
Capital losses carried forward		925		925
Cumulative Canadian exploration and development expenses		8,662		2,637
	$	**23,071**	**$**	**10,016**

As of December 31, 2013 the non-capital losses of $13,483,574 (2012 - $6,454,072) available to carry forward to reduce future years' taxable income will expire as follows:

13. Common shares and contributed surplus

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, the 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.

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

13. Common shares and contributed surplus (continued)

Stock option plan (continued)

	September 30, 2014		December 31, 2013	
	Options	**Price**	**Options**	**Price**
Exercisable, beginning of year	1,810,000	1.09	780,000	2.16
Options forfieted			(35,000)	3.60
Options forfieted			(70,000)	2.35
Options forfieted			(40,000)	2.00
Options granted	75,000	0.30	1,175,000	0.30
Exercisable, end of year	**1,885,000**	**$ 1.06**	**1,810,000**	**$ 1.09**

On July 9, 2014, 635 related Corporation employee and consultant options were modified. The exercise prices of some options were reduced to $0.50, with no change in the expiry date. The incremental fair value of the modification, using the Black-Scholes option pricing model, was calculated to be $60 and is included in share-based payment expense and contributed surplus. 395 options were owned by Officers or Directors, with a $37 incremental fair value of the modification.

During the first quarter of 2014, the board of directors of the Corporation approved the grant of 75,000 stock options pursuant to the 2008 Option Plan to a director of the Corporation. The options are exercisable at $0.35 per share, vest immediately and, if not exercised, expire February 21, 2024, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX Venture Exchange.

The value of options issued during the first quarter of 2014, using the Black-Scholes option-pricing model, was $21 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 2.86%, expected life of options 10 years, annualized volatility 95.94% and dividend rate of nil.

During the third quarter of 2013, the board of directors of the Corporation approved the grant of 1,175,000 stock options pursuant to the 2008 Option Plan. 900,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $0.30 per share, vest immediately and, if not exercised, expire July 12, 2023, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX Venture Exchange.

The value of options issued during the third quarter of 2013, using the Black-Scholes option-pricing model, was $305 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 2.19%, expected life of options 10 years, annualized volatility 90.99% and dividend rate of nil.

The Corporation’s consolidated subsidiary OMM under its own stock option plan issued during the first quarter of 2014 5,155,000 options to be settled in OMM shares, $1 was recorded as share-based compensation for options granted during the period, the shares vest 25% per quarter over the first year. OMM valued the options issued using the Black-Scholes model with assumptions relevant to OMM.

The Corporation’s consolidated subsidiary OMM under its own stock option plan issued during the year 5,155,000 options to be settled in OMM shares, $270 was recorded as share-based compensation for options granted during the year. OMM valued the options issued using the Black-Scholes model with assumptions relevant to OMM.

The Corporation's consolidated subsidiary Gespeg, under its own stock option plan, issued during the year 2,700,000 options to be settled in Gespeg shares. $170 was recorded as share-based compensation for the option granted during the year. Gespeg valued the options issued using the Black-Scholes model with assumptions relevant to Gespeg.

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

13. Common shares and contributed surplus (continued)

Contributed surplus

A summary of the contributed surplus activity is as follows:

	September 30, 2014	December 31, 2013
Balance, beginning of year	$ 3,123	$ 2,533
Fair value of stock options granted	24	745
Share based payments	62	-
Change in ownership of subsidiary	505	(155)
Balance, end of year	**$ 3,714**	**$ 3,123**

During 2013, the Corporation acquired 19.9% of the remaining 20% of Kimpar's (previously controlled subsidiary) common shares in exchange for shares of Gespeg. As the transactions did not result in the Corporation obtaining or losing controls in any of Kimpar or Gespeg both transactions were treated as equity transitions.

Subsequent to the transaction, the Corporation dissolved Kimpar and rolled up its assets, being shares of Gespeg, into the Corporation directly.

During the first quarter of 2013, a consolidated subsidiary completed a financing of which the Corporation and its associates did not participate in, effectively reducing the Corporation and its associate's ownership percentage in the subsidiary. The change in ownership of subsidiary adjustment above reflects the net book value of the ownership dilution.

Earnings per share and diluted earnings per share

Basic earnings per share are calculated by dividing the net profit for the year by the weighted average number of ordinary shares outstanding during the year.

The basic and diluted earnings per share are the same as the conversion of the convertible debentures (Note 10) or the exercise of stock option would not have a dilutive effect on earnings.

	September 30, 2014	September 30, 2013
Net (loss) attributable to common shareholders (CDN$ 1000's)	(3,212)	(8,802)
Weighted average number of common shares (CDN$ 1000's)	21,053	20,429
Basic and diluted earnings per common share (CDN$ 1000's)	(0.15)	(0.43)

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.

14. Commitments

The Corporation, through its subsidiary Gespeg, is committed to conduct exploration work representing capital expenditures in the amount of $2,000 in total over the next four years.

The Corporation, through its subsidiary North Rim, has operating lease commitments related to equipment and office space of $383 in total over the next two years.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to Government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

15. Capital management

The Corporation's objectives when managing capital are:
(a) to ensure that the Corporation maintains the level of capital necessary to meet the requirements of its brokers and bank;
(b) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
(c) to provide sustained growth and value by increasing equity; and,
(d) 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 the 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) creates cash flow from its oil & gas operations
(c) utilizing leverage in the form of margin (due from brokers) and the Corporation's bank credit line (bank indebtedness);
(d) raising capital through equity financings;
(e) borrowing funds in the form of advances from related parties; and,
(f) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

The Corporation is subject to financial covenant calculations in conjunction with its operating line of credit. Specifically, the Corporation must maintain a quick ratio of not less than 10:1 reported bi-weekly, a current ratio of not less than 1.50:1 reported quarterly and maintain a tangible net worth of not less than $25,000 reported annually. The Corporation was not in compliance with the quick ratio, current ratio or tangible net worth, in anticipation of such, the Corporation repaid the line of credit and has maintained a cash balance since. There is no effect on the consolidated financial statements, however the Corporation's ability to use the $1.5 line of credit is limited, if at all.

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.

16. Financial instruments

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.

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 September 30, 2014, the Corporation had no liabilities payable that bear interest at rates fluctuating with the prime rate.

16. Financial instruments (continued)

(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. Geological and other consulting revenue consists of approximately 58% (2013 – 32%) of revenue attributable to sales transactions with a single customer.

Management has established a credit policy under which each new customer is required to pay a retainer prior to rendering services.

At September 30, 2014 the Corporation had loans and advances receivable and accounts receivable and prepaid expenses from companies, totaling $2,889 (2013 - $991) which represents approximately 7.8% (2013 – 1.7%) of the Corporation's total assets. As at September 30, 2014 an impairment loss of $7 (2013 – $124) and an allowance for doubtful accounts provision of nil (2013 – $nil) was recorded.

(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 September 30, 2014 – 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.

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

16. Financial instruments (continued)

(f) Fair value: (continued)

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

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
Investments, at fair value	**$ 4,774**	**$ 360**	**$ 1,996**	**$ 7,130**

For the nine month period ended September 30, 2014, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 31, 2013	$2,536
Additional investments	210
Valuation adjustment	(647)
Return of capital	(68)
Reclassification to level 1	(35)
Balance at March 31, 2014	**$ 1,996**

During the three months ended September 30, 2014, no companies were reclassified out of level 3 investments.

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

16. Financial instruments (continued)

(f) Fair value: (continued)

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 on the fair value of these investments will result in a corresponding +/- $634 (2012 - $2,556) 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.

17. Supplemental cash flow information

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

		2014		**2013**
Loans and advances receivable	$	(11)	$	13
Income taxes		93		(155)
Accounts receivable and prepaid expenses		(1,741)		464
Management fees		-		(26)
Accounts payable and accrued liabilities		200		(4,062)
	$	**(1,459)**	**$**	**(3,766)**

18. Events subsequent to the reporting period

On October 29, 2014, the Corporation completed a non-brokered rights offering of 3,538,769 unis at a price of $0.30 per unit, for gross proceeds of $1,061,630. Each unit subscription entitles the holder to one common share of the Corporation and one common share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Corporation at an exercise price of $0.50 per warrant share at any time from October 29, 2015 to October 29, 2017.

19. Segmented information (reported in thousands of Canadian dollars)

The Corporation is a resource investment, financial, managerial and geological advisory entity which, as its principal business, invests in a diversified portfolio of shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. As at September 30, 2014, the Corporation has four reportable segments: Resource investment, extractive and geological advisory in Canada and brokerage services in the United Kingdom ("UK").

	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	$ 6,362	$ 2,655	$ 96	$ 27,731	$ 36,844
Total liabilities	$ 17,273	$ 1,613	$ 52	$ 6,619	$ 25,557
Capital expenditures	$ -	$ -	$ 2	$ 3,207	$ 3,209
Continuing operations					
Revenues					
Oil and gas sales	-	-	-	121	121
Geological and other consulting	45	9,482	209	-	9,736
Realized losses	(314)	-	-	-	(314)
Unrealized gains	(278)	-	1	-	(277)
Interest, rent and dividend income	627	184	-	8	819
	80	**9,666**	**210**	**129**	**10,085**
Expenses					
Oil and gas operations	-	-	-	78	78
Amortization and depletion	21	32	-	28	81
Business and investor relations	141	27	-	184	352
Finance	1,673	15	-	(111)	1,577
Management fees	146	-	-	18	164
General and administration	219	396	181	563	1,359
Professional fees	169	276	-	105	550
Project costs	-	7,740	16	6	7,762
Share based compensation	81	-	-	5	86
Transaction costs	18	-	-	-	18
Wages and benefits	347	1,069	-	21	1,437
	2,815	**9,555**	**197**	**897**	**13,464**
Income (loss) before income taxes	**(2,735)**	**111**	**13**	**(768)**	**(3,379)**
Current income tax	-	25	-	-	25
Net comprehensive income (loss)	**(2,735)**	**86**	**13**	**(768)**	**(3,404)**

19. Segmented information (reported in thousands of Canadian dollars) (continued)

As at September 30, 2013, the Corporation had four reportable segments: Resource investment, extractive and geological advisory in Canada and brokerage services in the United Kingdom ("UK").

	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	**$ 25,072**	**$ 985**	**$ 124**	**$ 27,765**	**$ 53,946**
Total liabilities	**$ 14,390**	**$ 351**	**$ 33**	**$ 6,668**	**$ 21,442**
Capital expenditures	**$ -**	**$ 3**	**$ -**	**$ 1,282**	**$ 1,285**
<u>Continuing operations</u>					
Revenues					
Oil and gas sales	-	-	-	607	607
Geological and other consulting	15	1,931	264	-	2,210
Realized (losses) gains	(297)	-	-	-	(297)
Unrealized losses	(4,445)	-	10	-	(4,435)
Interest, rent and dividend income	90	236	-	5	331
	(4,637)	**2,167**	**274**	**612**	**(1,584)**
Expenses					
Oil and gas operations	-	-	-	1,466	1,466
Amortization and depletion	30	49	-	4	83
Business and investor relations	324	29	-	113	466
Finance	1,840	3	-	28	1,871
Management fees	249	-	-	67	316
General and administration	180	441	185	477	1,283
Professional fees	243	73	-	108	424
Project costs	-	804	23	-	827
Share based compensation	305	-	-	-	305
Transaction costs	22	-	-	-	22
Wages and benefits	317	1,346	-	-	1,663
	3,510	**2,745**	**208**	**2,263**	**8,726**
Gain on debenture restructure	**426**	**-**	**-**	-	426
Impairment of exploration and evaluation asset (Note 6)	-	-	-	(1,630)	(1,630)
Impairment of goodwill (Note 7)	**(531)**	**-**	**-**	-	(531)
Income (loss) before income taxes	**(8,252)**	**(578)**	**66**	**(1,651)**	**(12,045)**
Current income tax	-	29	12	-	41
Deferred income tax	(1,575)	-	-	(631)	(2,206)
Comprehensive (loss) income	**(6,677)**	**(607)**	**54**	**(1,020)**	**(9,880)**