49NORTH RESOURCES INC

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

MARCH 31, 2010

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

The accompanying unaudited 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.

CONSOLIDATED BALANCE SHEET
(unaudited)

ASSETS

	March 31 2010	December 31 2009
Cash and cash equivalents	$ 12,145,888	$ -
Equity investments at fair value (Note 3)	34,260,289	37,140,911
Loans and advances receivable (Note 4)	897,733	3,109,195
Management fees and reimbursements receivable	-	11,183
Accounts receivable and prepaids	806,355	883,881
Mineral properties and deposits (Note 5)	6,310,900	309,432
Goodwill	687,231	394,740
Capital assets (Note 6)	325,827	222,394
	$ 55,434,223	**$ 42,071,736**

LIABILITIES

	March 31 2010	December 31 2009
Bank indebtedness	$ -	$ 2,023,078
Accounts payable and accrued liabilities	1,076,319	891,510
Income tax payable	1,433,235	-
Management fees and reimbursements payable (Note 7)	59,356	-
Promissory note payable (Note 8)	375,000	375,000
Convertible debentures (Note 9)	4,563,517	4,484,649
Future income tax liablity (Note 10)	3,194,231	2,049,785
	10,701,658	**9,824,022**
Minority interest	**333,350**	**292,254**

SHAREHOLDERS' EQUITY

	March 31 2010	December 31 2009
Common shares (Note 11)	47,977,511	40,506,340
Contributed surplus (Note 11)	2,023,264	1,465,871
Equity portion of convertible debentures (Note 9)	734,500	734,500
Deficit	(6,336,060)	(10,751,251)
	44,399,215	**31,955,460**
	$ 55,434,223	**$ 42,071,736**

Approved by the Board

Signed ”Tom MacNeill”

Signed “Brad Munro”

49 NORTH RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(unaudited)
FOR THE THREE MONTHS ENDED

	March 31, 2010	March 31, 2009
Revenues		
Geological consulting	$ 908,293	$ -
Realized gains (losses)	15,493,777	(602,421)
Unrealized (losses) gains	(7,219,759)	5,717,381
Interest and royalty income	99,204	48
	$ 9,281,515	**$ 5,115,008**
Expenses		
Business development and investor relations	235,137	85,946
Interest	232,422	187,134
Licenses dues and subsriptions	18,036	-
Management fees (Note 7)	225,065	74,283
Office and administration	98,816	22,819
Professional fees	142,698	71,348
Stock based compensation	557,393	-
Supplies	150,356	-
Transaction costs	38,917	37,751
Travel	32,351	-
Wages and benefits	442,157	29,881
	2,173,348	**509,162**
Income before income taxes	**7,108,167**	**4,605,846**
Current income tax	1,468,265	-
Future income tax	1,144,446	1,008,099
Net income from operations before minority interest	**4,495,456**	**3,597,747**
Minority interest	(80,265)	-
Net income	**4,415,191**	**3,597,747**
(Deficit) retained earnings, beginning of period	(10,751,251)	(21,965,982)
Retained earnings (deficit), end of period	**$ (6,336,060)**	**$ (18,368,235)**
Basic income per share	**$ 0.40**	**$ 1.08**
Diluted income per share	**$ 0.39**	**$ 0.98**

49 NORTH RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)
FOR THE THREE MONTHS ENDED

	March 31 2010	March 31 2009
Cash flows from Operating Activities		
Net income	$ 4,415,191	$ 3,597,747
Items not affecting cash		
Realized (gain) loss	(15,493,777)	602,421
Stock-based compensation	557,393	-
Accretion of convertible debenture	78,868	-
Amortization	24,665	12,308
Future income taxes	1,144,446	1,008,099
Unrealized loss (gain) on investments	7,219,759	(5,717,381)
Net changes in non-cash working capital items related to operations:	1,798,593	62,349
	(254,862)	**(434,457)**
Cash flows from Investing Activities		
Purchase of capital assets	(128,098)	(1,458)
Purchase of investments	(7,282,128)	(1,783,747)
Proceeds from disposal of investments	20,913,463	2,209,445
Purchase of mineral properties and deposits	(2,126)	
Loans repayments	909,570	-
Cash received on consolidation	114,125	-
	14,524,806	**424,240**
Cash flows from Financing Activities		
Advances (to) from related party	-	(44,511)
Repurchase of common shares	(100,978)	(87,161)
	(100,978)	**(131,672)**
Net increase (decrease) in cash during the year	**14,168,966**	**(141,889)**
Cash, beginning of period	(2,023,078)	252,947
Cash, end of period	**$ 12,145,888**	**$ 111,058**
Supplemental cash flow information		
Cash interest paid in the period	**$ 40,182**	**$ 6,595**

49 NORTH RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2010

1. Organization and business description

49 North Resources Inc. (the “Corporation”) was continued as a corporation under the laws of Saskatchewan pursuant to Articles of Amalgamation, as amended by Article of Amendment, registered under *The Business Corporations Act* (Saskatchewan) (the “SBCA”) on January 1, 2008, and restated as of January 17, 2008. By Articles of Amendment dated August 14, 2009 the corporate name was changed from “49 North Resource Fund Inc.” to “49 North Resources Inc.” and the second preferred shares, series 1 were deleted. The companies that amalgamated to form the Corporation included 49 North Resource Fund Inc., which was incorporated pursuant to the SBCA on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles effective May 11, 2005 to change its name to 49 North Resource Fund Inc. and which, prior to the reorganization discussed below, was the general partner of the Former Partnership (as defined below); and 101110207 Saskatchewan Ltd. which was incorporated pursuant to the SBCA on October 30, 2007 for the sole purpose of facilitating the reorganization of the Corporation from its former structure as a limited partnership to its current structure as a corporation.

The Corporation is the successor by reorganization to 49 North Resource Fund Limited Partnership (the “Former Partnership”) which was formed July 19, 2005 (originally under the name 49 North Resource Flow Through Limited Partnership) and is constituted a limited partnership under the laws of Saskatchewan upon the filing of a declaration of limited partnership pursuant to *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan), effective July 20, 2005.

The Corporation is a resource investment, financial, managerial and geological advisory, and merchant banking company 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. 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.

2009 Fund Roll-over Transaction

During 2009, 49 North 2009 Resource Flow-Through Limited Partnership (the “2009 Fund”) raised $8,328,800 on the issuance of 832,880 limited partnership units (the “2009 Units”) in an initial public offering. Prior to December 31, 2009, the 2009 Fund invested a substantially equal amount in a portfolio of flow-through shares.

Effective February 1, 2010, the 2009 Fund transferred substantially all of their respective assets - valued at $7,572,149 on a tax deferred "roll-over" basis to the Corporation in exchange for 4,351,810 common shares of the Corporation. Following these transfers, the 2009 Fund was wound up and dissolved and these 4,351,810 common shares of the Corporation were distributed amongst the (former) partners of the 2009 Fund. As a result, each (former) limited partner of the 2009 Fund received approximately 5.224 shares of the Corporation for each 2009 Unit they previously held. The transaction resulted in the number of outstanding common shares of the Corporation increasing to 12,754,883 immediately after the transaction.

2. Significant accounting policies

These interim financial statements have been prepared by management using the same accounting policies and methods as were used for the consolidated financial statements for the year ended December 31, 2009, except for the recent accounting standards adopted that are described below. These consolidated financial statements should be read in conjunction with the Corporation’s annual audited consolidated financial statements filed on SEDAR.

2. Significant accounting policies (continued)

Consolidation of variable interest entities

These consolidated statements include the accounts of the Corporation and entities that it has the ability to control either through voting rights or means other than voting rights. In the current quarter it was determined that the Corporation's investment in Newsk Emerging Resources Ltd. was a variable interest entity ("VIE") in which the Corporation was the primary beneficiary. Under the guidance of CICA Accounting Guideline 15 "Consolidation of Variable Interest Entities" the primary beneficiary is required to consolidate the VIE once control is obtained. In the Corporation's situation this was when the 2009 Fund rolled in its investment as described in Note 1 above.

Future accounting pronouncements

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Corporation's first financial statements presented in accordance with IFRS will therefore be the year ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standards Board ("IASB") will, however, also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Corporation's financial statements will only be measureable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Corporation is developing a plan to convert its financial statements to IFRS. Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Corporation's Canadian GAPP financial statements may be significantly different when presented in accordance with IFRS.

Business combinations

In January 2009, the CICA issued the new Handbook Section 1582 "Business Combination", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes to accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill required. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. The Corporation is considering the impact of adopting this pronouncement on the consolidated financial statements.

Consolidated financial statements and non-controlling interests

In January 2009, the CICA issued a new handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interest, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interests in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated net income attributable to the parent and the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and interests of the non-controlling owners. The Corporation is considering the impact of adopting these pronouncements on its consolidated financial statements in connection with the conversion to IFRS.

3. Equity investments

As at March 31, 2010, the Corporation's investments consist of the following:

	Shares/Warrants		Cost	Fair Value
Mineral Exploration				
0851045 BC Ltd.	1,250,000	$	187,500	187,500
Alix Resources Corp (1)	200,000		14,264	8,000
Alix Resources Corp-Warrants	625,000		-	-
Angus Resources Inc. (1)	30,000		3,000	-
Argus Metals Corp. (1)	284,000		32,300	45,440
Argus Metals Corp.-Warrants	250,000		-	-
Aura Silver Resources Inc. (1)	600,000		102,000	108,000
Aura Silver Resources Inc.-Warrants	600,000		-	-
Bacanora Minerals Ltd. (1)	1,037,000		259,473	285,175
Barkerville Gold Mines Ltd. (1)	625,000		500,000	562,500
Barkerville Gold Mines Ltd.-Warrants	315,500		-	-
Bending Lake Iron Group Ltd. (3)	1,400,000		1,178,570	1,178,570
Bending Lake Iron Group Ltd.-Warrants	50,000		-	-
Bralorne Gold Mines Ltd. (1)	260,000		222,776	202,800
Bralorne Gold Mines Ltd.-Warrants	423,000			
Canada Gold Corp. (1)	75,000		24,750	16,500
Canada Gold Corp.-Warrants	37,500		-	-
Canadian Shield Resources Ltd. (1)	313,000		250,400	203,450
Canadian Shield Resources Ltd.-Warrants	156,500		-	-
Canamex Silver Corp. (1)	325,000		24,700	26,000
Claude Resources Inc. (2)	400,000		431,488	420,000
Copper Canyon Resources Ltd. (1)	2,883,035		507,085	778,419
Copper Reef Mines Ltd. (4)	2,334,000		664,091	221,730
Diamcor Mining Inc. (1)	335,000		100,500	113,900
Diamcor Mining Inc.-Warrants	167,500		-	-
Dumont Nickel Inc. (1)	21,505,000		309,024	322,575
Dumont Nickel Inc.-Warrants	5,000,000		-	-
Eagle Plains Resources Ltd. (1)	4,154,500		761,353	602,403
Eagle Plains Resources Ltd.-Warrants	1,555,000		-	-
El Nino Ventures Inc. (1)	1,196,500		100,653	83,755
El Nino Ventures Inc.-Warrants	1,250,000		-	-
Erdene Resource Development Corp. (2)	211,000		79,676	105,500
ESO Uranium Corp. (1)	590,000		485,180	38,350
Formation Capital Corp.-Warrants	100,000		-	-
Gobimin Inc. (1)	600,000		524,097	504,000
Gold Key Capital Corp. (1)	600,000		150,000	-
Goldcliff Resource Corp. (1)	6,402,500		714,482	1,472,575
Goldcliff Resource Corp.-Warrants	1,750,000		-	-
GoldQuest Mining Corp. (1)	400,000		50,000	52,000
Goldsource Mines Inc. (1)	15,000		27,187	23,550
Great Western Minerals Group Ltd. (1)	30,000		7,076	5,850

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Halo Resources Ltd. (1)	750,015	347,139	41,251
Harmony Gold Corp. (1)	285,714	100,000	105,714
Harmony Gold Corp.-Warrants	142,857	-	-
Hathor Exploration Ltd. (1)	45,086	113,729	88,369
Herdron Capital Corp. (5)	229,000	80,150	-
Herdron Capital Corp.-Warrants	229,000	-	-
Hinterland Metals Inc. (1)	433,332	26,000	32,500
Hinterland Metals Inc.-Warrants	416,666	-	-
JNR Resources Inc. (1)	62,000	13,957	13,020
Kent Exploration Inc. (1)	845,000	133,770	135,200
Kent Exploration Inc.-Warrants	250,000	-	-
Kimpar Resources Inc. (3)	1,104,000	669,643	669,643
Kimpar Resources Inc.-Warrants	552,000	-	-
Kirrin Resources Inc. (1)	1,671,429	234,000	175,500
Kirrin Resources Inc.-Warrants	1,671,429	-	-
Kobex Resources Inc. (1)	530,000	477,389	482,300
Lakota Resources Inc. (1)	4,918,441	326,110	-
Laurion Mineral Exploration Inc. (1)	2,077,665	230,767	93,495
Laurion Mineral Exploration Inc.-Warrants	1,063,832	-	-
Nebu Resources Inc. (1)	300,167	45,025	66,037
Nebu Resources Inc.-Warrants	283,333	-	-
Niogold Mining Corp. (1)	1,531,633	482,316	444,174
Niogold Mining Corp.-Warrants	234,900	-	-
Northern Freegold Resources (1)	670,052	309,657	177,564
NuCoal Energy Corp. (3)	2,446,770	1,688,804	1,688,804
Olivut Resources Ltd. (1)	100,000	20,761	33,000
Otis Gold Corp. (1)	492,000	276,614	236,160
Otis Gold Corp.-Warrants	38,462	-	-
Playfair Mining Ltd. (1)	615,500	43,577	70,783
Puget Ventures Inc. (1)	221,667	75,383	62,067
Puget Ventures Inc. -Warrants	83,333	-	-
Red Rock Energy Inc. (1)	3,525,500	1,155,028	264,413
Rio Novo Gold Inc. (2)	250,000	400,000	312,500
Rio Novo Gold Inc.-Warrants	125,000	-	-
Rock Tech Resources Inc. (1)	500,000	100,000	67,500
Rock Tech Resources Inc.-Warrants	500,000	-	-
Rockport Mining Corp (3)	486,274	364,721	364,721
Roxgold Inc. (1)	740,000	316,750	29,600
Salazar Resources Ltd. (1)	85,000	68,000	88,400
Salazar Resources Ltd. -Warrants	85,000	-	-
Sandspring Resources Ltd. (1)	25,000	9,468	37,750
Senator Minerals Inc. (1)	1,407,000	73,855	91,455
Senator Minerals Inc.-Warrants	375,000	-	-
Sheltered Oak Resources Corp. (1)	1,000,000	80,000	105,000
Shore Gold Inc. (2)	927,000	830,320	954,810
Shoreham Resources Ltd. (1)	115,000	33,400	30,475

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Skeena Resources Ltd. (1)	2,237,500	199,606	89,500
Skeena Resources Ltd.-Warrants	1,100,000	-	-
Soltoro Ltd. (1)	100,000	5,000	45,000
Sona Resources Corp. (1)	78,200	156,400	43,010
Stikine Gold Corp. (1)	581,167	156,932	162,727
Tanzania Minerals (3)	500,000	25,000	25,000
Tirex Resources Ltd. (1)	105,000	73,500	32,550
Ucore Uranium Inc.-Warrants	125,000	-	-
Unity Energy Corp. (1)	400,000	100,000	60,000
Unity Energy Corp.-Warrants	200,000	-	-
Uranium North Resources Corp. (1)	813,333	56,933	73,200
Virginia Energy Resources (1)	421,333	200,000	96,907
Volcanic Capital Corp. (1)	100,000	23,000	27,000
Wallbridge Mining Co. (2)	717,780	137,015	190,212
Wescan Goldfields Inc. (1)	3,678,056	1,034,359	441,367
Wescan Goldfields Inc.-Warrants	694,445	-	-
Westcore Energy Inc. (1)	4,251,500	2,440,118	2,635,930
Western Potash Corp.-Warrants	100,000	-	-
Weststar Resources Corp.-Warrants	250,000	-	-
White Gold Corp. (3)	2,000,000	500,000	500,000
Wildcat Exploration Ltd. (1)	1,150,000	297,233	86,250
Xiterra Resources Limited-Warrants	35,000	-	-
Oil & Gas			
08586348 BC Ltd. (3)	154,000	46,200	46,200
08586348 BC Ltd.-Warrants	77,000	-	-
Beaufield Resources Inc. (1)	425,000	51,690	57,375
Bulldog Oil & Gas Ltd. (3)	55,000	137,500	137,500
Cheyenne Energy Corp. (5)	714,280	249,998	249,998
Deloro Resources Ltd. (1)	1,562,500	250,000	195,313
Enhanced Oil Resources-Warrants	125,000	-	-
Fair Sky Resources Inc. (5)	65,570	199,989	-
Greencastle Resources Ltd. (1)	703,000	96,830	91,390
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	870,000	68,954	56,550
KFG Resources Ltd.-Warrants	270,000	-	-
Lion Energy Corp. (1)	1,570,500	339,942	290,543
Nordic Oil & Gas Ltd. (1)	2,028,870	259,648	152,165
Nordic Oil & Gas Ltd.-Warrants	500,000	-	-
Nuloch Resources Inc. (1)	559,400	531,244	805,536
One Exploration Inc. (1)	372,059	77,845	102,316
Panwestern Energy Inc. (1)	2,122,500	649,956	1,485,750
Panwestern Energy Inc.-Warrants	1,250,000	-	-
Petro Uno Resources Ltd. (1)	50,000	5,000	24,000
Prairie Hunter Energy Corp (3)	2,950,059	3,111,807	4,248,085
Rallyemont Energy Inc. (3)	10,323,535	2,613,237	2,613,237
Renegade Petroleum Ltd. (1)	95,000	190,000	384,750
Ruby Energy Inc. (3)	916,996	550,198	484,174

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Titanium Corp. Inc. (1)	25,500	15,555	19,890
Welton Energy Corp. (5)	147,059	100,000	-
Wilton Resources Inc. (1)	20,000	20,180	22,000
Other			
Colorado Resources Ltd. (3)	750,000	150,000	150,000
Colorado Resources Ltd.-Warrants	375,000	-	-
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Gilead Power Corp. (3)	100,000	100,000	100,000
Grafton Resource Investments Ltd. (3)	21,985	1,000,002	941,979
Kenna Capital Corp. (3)	1,000,000	100,000	100,000
Lex Capital Partners Inc. (3)	1,000	350,000	350,000
Meize Energy Industries Holdings Ltd. (3)	60,000	300,000	300,000
Pinetree Capital Corp. (2)	500,000	1,088,039	910,000
Troy Energy Corp. (1)	3,390,000	792,442	847,500
		$ 35,743,953	**$ 34,260,289**

(1) Listed on TSX Venture Exchange
(2) Listed on TSX
(3) Private
(4) Listed on CNQ Exchange
(5) Defunct / Delisted

3. Equity investments (continued)

As at December 31, 2009, the Corporation's investments consist of the following:

	Shares/Warrants	Cost	Fair Value
Metals and Mining			
Alix Resources Corp. (1)	1,511,000	$ 107,762	$ 67,995
Alix Resources-Warrants	1,075,000	-	-
Angus Resources Inc. (1)	30,000	3,000	-
Athabasca Potash Inc. (2)	2,254,000	4,062,684	13,073,200
Bacanora Minerals Ltd. (1)	850,000	210,000	191,250
Bending Lake Iron Group Ltd. (3)	1,300,000	1,078,570	1,078,570
Bralorne Gold Mines Ltd. (1)	267,000	253,450	205,590
Bralone Gold Mines Ltd.- Warrants	263,000	-	-
Canada Gold Corp. (1)	75,000	24,750	26,250
Canada Gold Corp. - Warrants	37,500	-	-
Canadian Shield Resources Ltd. (1)	313,000	250,400	701,120
Claude Resources Inc. (2)	56,000	56,593	68,880
Copper Canyon Resources Ltd. (1)	2,690,035	331,359	430,406
Copper Reef Mines Ltd. (4)	2,322,000	669,983	464,400
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Dumont Nickel Inc. (1)	9,505,000	118,524	142,575
Dumont Nickel Inc. – Warrants	5,000,000	-	-
Eagle Plains Resources Ltd. (1)	3,443,500	644,344	619,830
Eagle Plains Resources Ltd.- Warrants	1,075,000	-	-
El Nino Ventures Inc. (1)	1,342,540	105,111	181,243
El Nino Ventures Inc. – Warrants	1,250,000	-	-
ESO Uranium Corp. (1)	590,000	485,180	26,550
Formation Metals Inc.-Warrants	100,000	-	-
Gobimin Inc. (1)	414,000	361,882	343,620
Gold Key Capital Corp. (1)	400,000	100,000	20,000
Goldcliff Resource Corp. (1)	6,006,500	642,179	870,943
Goldcliff Resource Corp. - Warrants	1,750,000	-	-
Great Western Minerals Group Ltd. (1)	30,000	7,076	8,550
Halo Resources Ltd.(1)	881,915	408,188	57,324
Hana Mining Ltd. (1)	13,000	8,350	15,860
Harmony Gold Corp. (1)	285,714	100,000	101,428
Hathor Exploration Ltd. (1)	25,086	77,881	44,653
Hinterland Metals Inc. (1)	833,332	50,000	58,334
Hinterland Metals Inc. – Warrants	416,666	-	-
JNR Resources Inc. (1)	100,000	22,331	24,000
J-Pacific Gold Inc.(1)	391,000	156,400	35,190
Kent Exploration Inc. (1)	506,000	65,909	88,550
Kent Exploration Inc.-Warrants	250,000	-	-
Kimpar Resources Inc. (3)	1,104,000	669,643	669,643
Kimpar Resouces Inc. – Warrants	552,000	-	-
Kirrin Resources Inc. (1)	1,671,429	234,000	183,857
Kobex Minerals Ltd. (1)	173,425	134,712	163,020
Lakota Resources Inc. (1)	4,918,441	326,110	-

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Laurion Mineral Exploration Inc.(1)	2,077,665	230,767	93,495
Laurion Mineral Exploration Inc.-Warrants	1,063,832	-	-
Nebu Resources Inc. (1)	566,667	85,000	235,167
Nebu Resources Inc.- Warrants	283,333	-	-
Newsk Emerging Resources Ltd. (3)	1,691,848	1,691,848	1,488,826
Niogold Mining Corp. (1)	469,800	117,450	150,336
Niogold Resources Inc. – Warrants	234,900	-	-
Northern Freegold Resources (1)	459,052	237,762	142,306
NuCoal Energy Corp. (3)	2,446,770	1,688,804	1,688,804
Olivut Resources Ltd. (1)	197,000	40,900	39,400
Otis Gold Corp. (1)	139,423	86,084	72,500
Otis Gold Corp. – Warrants	38,462	-	-
Playfair Mining Ltd. (1)	1,608,000	89,944	112,560
Puget Ventures Inc. (1)	221,667	75,383	67,608
Puget Ventures Inc.- Warrants	83,333	-	-
Red Rock Energy Inc. (1)	1,815,000	983,828	181,500
Rochester Resources Ltd. (1)	34,000	21,785	6,800
Rockport Mining Corp. (3)	486,274	364,721	364,721
Roxgold Inc. (1)	740,000	316,750	29,600
Salazar Resources Ltd. (1)	85,000	68,000	87,550
Salazar Resources Ltd. – Warrants	85,000	-	-
Sandspring Resources Inc. (1)	85,100	27,077	102,120
Sandspring Resources Inc. – Warrants	118,250	-	-
Senator Minerals Inc. (1)	938,000	34,970	51,590
Senator Minerals Inc. – Warrants	375,000	-	-
Sheltered Oak Resources Corp. (1)	1,000,000	80,000	125,000
Shore Gold Inc. (2)	191,500	135,793	181,925
Skeena Resources Ltd. (1)	2,237,500	199,606	302,063
Skeena Resources Ltd.-Warrants	1,100,000	-	-
Soltoro Ltd. (1)	175,000	8,750	66,500
Stikine Gold Corporation (1)	521,167	141,152	166,773
Tanzania Minerals Corp. (3)	500,000	25,000	25,000
Tirex Resources Ltd. (1)	105,000	73,500	50,400
Ucore Uranium Inc.- Warrants	125,000	-	-
UEX Corp. (2)	5,000	3,000	5,250
Uranium North Resources Corp. (1)	833,333	58,333	83,333
Virginia Energy Resources Inc. (1)	88,000	100,000	29,040
Volcanic Capital Corp. (1)	100,000	23,000	30,000
Wallbridge Mining Company Limited (2)	677,780	125,389	166,056
Wescan Goldfields Inc. (1)	3,708,056	1,045,837	500,588
Wescan Goldfields Inc. –Warrants	694,445	-	-
Westcore Energy Inc. (1)	2,246,500	1,236,668	1,325,435
Western Potash Corporation. - Warrants	100,000	-	-
Weststar Resources Corp. - Warrants	100,000	-	-
Wildcat Exploration Ltd. (1)	1,075,000	292,692	150,500

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Xtierra Inc. (1)	70,000	3,650	11,900
Xtierra Inc. - Warrants	35,000	-	-
Oil & Gas			
0856348 BC Ltd. (3)	154,000	$ 46,200	$ 46,200
08586348 BC Ltd. – Warrants	77,000	-	-
Beaufield Resources Ltd. (1)	525,000	63,853	68,250
Bulldog Oil & Gas Ltd. (3)	55,000	137,500	137,500
Cheyenne Energy Corp. (5)	714,280	249,998	-
Colonia Energy Corp. (1)	1,000,000	200,000	230,000
Enhanced Oil Resources-Warrants	125,000	-	-
Fair Sky Resources Inc. (5)	65,570	199,989	-
Greencastle Resources Ltd. (1)	603,000	83,060	93,465
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	870,000	68,954	43,500
KFG Resources Ltd.- Warrants	270,000	-	-
Lion Energy Corp. (1)	1,570,500	339,942	298,395
Nordic Oil & Gas Ltd. (1)	1,028,870	139,648	118,320
Nordic Oil & Gas Ltd.-Warrants	427,935	-	-
Nuloch Resource Inc. (1)	367,000	259,000	311,950
Pacific Rodera Energy Inc. (1)	75,000	18,332	24,000
Panwestern Energy Inc. (1)	3,467,822	1,053,063	693,564
Panwestern Energy Inc.-Warrants	1,250,000	-	-
Petro Uno Resources Ltd. (1)	115,000	11,500	69,000
Prairie Hunter Energy Corp. (3)	2,950,059	3,111,807	2,950,059
Rallyemont Energy Inc. (3)	3,500,000	350,000	350,000
Ruby Energy Inc. (3)	916,996	550,198	484,174
Welton Energy Corporation (5)	147,059	100,000	-
Wilton Resources Inc. (1)	10,000	9,780	10,500
Other			
Colorado Resources Corp. (3)	750,000	150,000	150,000
Grafton Resource Investments Ltd. (3)	21,985	1,000,003	1,012,514
Kenna Capital Corp. (3)	1,000,000	100,000	100,000
Lex Capital Partners Inc. (3)	200	200,000	200,000
Meize Energy Industry Holdings Ltd. (3)	60,000	300,000	300,000
Pinetree Capital Ltd. (2)	400,000	922,590	848,000
Troy Energy Corp. (1)	2,140,000	204,942	449,400
		$ 31,404,816	**$ 37,140,911**

(1) Listed on TSX Venture Exchange
(2) Listed on TSX
(3) Private
(4) Listed on CNQ Exchange
(5) Defunct/Delisted

4. Loans and advances receivable

	March 31 2010	December 31 2009
Newsk Emerging Resources Ltd.	$ -	$ 1,301,892
49 North 2009 Flow Though LP	-	872,909
Kimpar Resources Ltd.	492,833	492,833
How 2 Energy Ltd.	240,000	271,605
Unrelated individuals	164,900	169,956
	$ 897,733	**$ 3,109,195**

The Kimpar Resources Ltd. loans are due on demand, bear interest at a rate of 12%. $300,000 plus interest of the loans are convertible into shares of Kimpar Resources Ltd. at a price per share of $0.25, while $175,000 plus interest is repayable based on revenue of Kimpar Resources Ltd. and a perpetual net profit interest in certain properties. The How 2 Energy Ltd. loan is due on demand and bears interest at a rate of prime plus 2%. The loans to unrelated individuals bear interest at rates between prime plus 2% and 5%.

5. Mineral properties

	Manitoba	Saskatchewan properties	British Columbia properties	Total
Balance, December 31, 2009	**$ 309,432**	**-**	**-**	**309,432**
Expenditures during the period				
Acquisition	-	1,349,342	4,650,000	**5,999,342**
Exploration	2,126	-	-	**2,126**
Balance, March 31, 2010	**$ 311,558**	**$ 1,349,342**	**$ 4,650,000**	**$ 6,310,900**

Manitoba properties
In the prior year, the Corporation has applied for coal permits with the Government of Manitoba and has initiated airborne analysis of these possible permit locations.

Saskatchewan properties
The Corporation entered into a royalty agreement with Prairie Hunter Energy Corporation, a company who currently has a 50% working interest in a number of wells located in the Province of Saskatchewan.

Under the terms of the agreement, Prairie Hunter may continue to drill any number of wells while providing the Corporation the option to participate in each well drilled (ie. Earn-in). For each horizontal earn-in well drilled, the Corporation will earn a gross overriding royalty of between 3-6% of all petroleum substances produced, saved and sold in exchange for incurring 31% of all costs to drill, case, complete and cap of that well. In addition, for each vertical earn-in well drilled, the Corporation will earn a gross overriding royalty of 3.75-4.5% of all petroleum substances produced, saved and sold in exchange for incurring 15.2% of all costs to drill, case, complete and cap of that well.

British Columbia properties
The Corporation entered into an option agreement to acquire up to a 40% undivided interest in certain mineral rights located in the province of British Columbia. Under the terms of the agreement, for every $100,000 of expenditures incurred during the option period, the Corporation will acquire a 1% undivided interest in the property. In addition, the Corporation was granted a 2.5% net smelter returns royalty on the mineral claims covered under the agreement.

6. Capital assets

	March 31 2010			December 31 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	$ 65,926	$ 53,583	$ 12,343	$ 12,343
Computers and software	154,502	136,712	17,790	25,373
Furniture and equipment	176,360	61,695	114,665	79,344
Leasehold improvements	228,311	47,282	181,029	105,344
	$ 625,099	**$ 299,272**	**$ 325,827**	**$ 222,394**

7. Related party transactions

During the period ended March 31, 2010, management fees of $225,065 (2009 - $74,283) and reimbursements of $62,596 (2009 - $74,283) were incurred or accrued to TMM Portfolio Management Inc. (“TMM”), and 1381613 Alberta Ltd., companies controlled by the CEO of the Corporation. These transactions are in the normal course of operations and are measured at the exchange amount and is the amount of consideration established and agreed to by the related parties.

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) starting with the Corporation’s fiscal year ended December 31, 2008, may be entitled to 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.

8. Promissory note payable

As part of the acquisition of North Rim Exploration Ltd. (“North Rim”), the Corporation issued a $375,000 promissory note payable to the vendor. Interest is charged at the Royal Bank of Canada prime rate plus 2%. Principal and interest payments will be repaid in no more than eight semi-annual consecutive instalments which will be based on a percentage of net earnings of North Rim. Any amount still payable after the eighth semi-annual period will be waived by the vendor. The promissory note is secured by the North Rim shares acquired.

9. Convertible debentures

The Former Partnership completed the issue and sale of a $2,000,000 convertible secured debenture on a private placement basis on June 28, 2007; which debenture was converted into 400,000 Units effective January 1, 2008 and then exchanged for 200,000 preferred shares of the Corporation that resulted from a reorganization of the Former Partnership into a corporate structure that occurred January 1, 2008. Prior to its conversion, the debentures accrued interest at 9% per annum. The $1,950,000 carrying amount of the debenture for the purposes of the financial statements as at December 31, 2007 approximated its fair value as determined by reference to current market conditions, less the equity component which had a fair market value at issue date of $50,000.

On July 24, 2008, the Corporation raised proceeds of $5,000,000 on the private placement of 9% convertible unsecured subordinate debentures. The debentures have a three-year term, maturing July 24, 2011, and bear interest from the date of issue at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on July 24 in each of 2009 and 2010 and on maturity.

9. Convertible debentures (continued)

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 July 23, 2011, into fully paid, non-assessable common shares of the Corporation at a conversion price of (i) $11.00 per share if converted prior to July 24, 2009, (ii) $11.75 per share if converted on or after July 24, 2009 and before July 24, 2010, and (iii) $12.50 per share if converted on or after July 24, 2010 and prior to the conversion expiry time.

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 plus a premium equal to 6% of the outstanding principal amount if redeemed prior to July 24, 2009, 4% of the outstanding principal amount if redeemed on or after July 24, 2009 but before July 24, 2010, or 2% of the outstanding principal amount if redeemed on or after July 24, 2010 and prior to maturity.

These conditions precedent include the requirement that (i) the Corporation send notice of its intent to redeem the debentures and of the proposed redemption date to all debenture holders at least 60 days and not more than 90 days prior to such redemption date, (ii) at the time of sending such notice, the weighted average trading price of the company's common shares for the 60 days preceding the date of the notice is equal to or exceeds the then applicable conversion price of the debentures, and (iii) on the redemption date, the Corporation must redeem all of the outstanding debentures that have not then been converted into common shares.

Of the aggregate principal amount of the debentures, $2,000,000 was issued to the holder of 200,000 second preferred, series 1 shares of the company that were repurchased and redeemed by the Corporation concurrent with the closing at a price of approximately $2,100,000, representing the $2,000,000 issue price of such shares plus dividends that accrued thereon from January 1, 2008 to June 23, 2008. As a result, the Corporation no longer has any preferred shares outstanding.

For accounting purposes, the debentures contain both a liability component and an equity component, being the holders' conversion rights, which have been separately presented on the balance sheet. The Corporation allocated the face value of the debentures to the liability and equity components. At issuance, the Corporation estimated the fair value of the conversion option by deducting the present value of the future cash outflows of the debentures, if no conversion rights are attached, from the face value of the principal of the debentures. The fair value of the liability component was determined by discounting the stream of future payments of loan principal and interest at the estimated prevailing market rate of 15.74% for a comparable debt instrument that excluded any conversion privilege by the holders. The residual carrying value of the debentures are to be accreted to the redemption value of the debenture to the redemption date of the debenture based on an effective annual interest rate.

	March 31 2010	December 31 2009
Face value of convertible debentures	$ 5,000,000	$ 5,000,000
Plus: accretion	458,017	379,149
Less: debt issue costs	(160,000)	(160,000)
Equity portion of convertible debenture	(734,500)	(734,500)
	$ 4,563,517	**$ 4,484,649**

10. Income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's future assets and liabilities are as follows:

	March 31 2010	December 31 2009
Future income tax asset (liability)		
Non-capital loss carryforwards	$ -	$ 714,433
Deferred share issue costs	292,607	354,917
Mineral properties	(1,501,634)	-
Investments	(1,985,204)	(3,119,135)
	$ (3,194,231)	**$ (2,049,785)**

11. Common shares

Authorized an unlimited number of common shares without par value.

Common shares issued

	Common Shares	Share Capital
Balance, December 31, 2008	**1,804,077**	**$ 24,314,966**
Exchanged for units of the 2008 Fund	1,656,376	$ 4,016,711
Exchanged for units of the 2008-II Fund	750,544	1,820,069
Private placement	4,275,375	11,840,615
Shares repurchased and cancelled	(140,800)	(293,783)
Share issue costs	-	(1,192,238)
Balance, December 31, 2009	**8,345,572**	**$ 40,506,340**
Exchanged for units of the 2009 Fund	4,351,810	$ 7,572,149
Shares repurchased and cancelled	(45,999)	(100,978)
Balance, March 31, 2010	**12,651,383**	**$ 47,977,511**

In 2009, the Corporation raised gross proceeds in an amount equal to $8,599,362 from a private placement. A total of 3,127,041 units were sold at an issue price of $2.75 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at $3.50 within the next 2 years. In addition to the units sold, the Corporation completed a share exchange transaction with Grafton Resource Investments Ltd. ("Grafton") in which the Corporation issued to Grafton 333,334 common shares at $3.00 per share, in exchange for 21,985 shares of Grafton, representing a value of $1,000,002 based on the net asset value per share of Grafton as at May 29, 2009. Grafton is a closed-end resource fund managed by Newland Fund Management LLP of London, England. An exchange was also completed with Pinetree Capital Ltd. ("Pinetree'), a diversified investment, financial advisory and merchant banking firm focused on the small-cap market. The Corporation issued Pinetree 815,000 units in exchange for 914,796 shares of Pinetree representing a value of $2,241,250.

The agents for the private placement received a fee comprised of a commission and a work fee totalling $758,250. As additional consideration the Corporation issued 312,992 broker warrants and agreed to pay a commission of 3.0% of any amount the Corporation receives from the exercise of any warrant underlying the units.

11. Common shares (continued)

Stock option plan

The directors of the Corporation have adopted, and the shareholders have approved, a stock option plan (the "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 purpose of the 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 Corporation's stock option plan and changes during the period ended March 31, 2010 is presented below.

	March 31, 2010		December 31, 2009	
	Options	**Price**	**Options**	**Price**
Outstanding, beginning of period	295,000	2.08	75,000	$ 10.00
Options cancelled	-	-	(75,000)	(10.00)
Options cancelled	-	-	(25,000)	(2.00)
Options granted	280,000	2.35	295,000	2.00
Options granted	-	-	25,000	2.38
Oustanding, end of period	**575,000**	**$ 2.21**	**295,000**	**$ 2.08**

During the period, the board of directors of the Corporation approved a grant of 280,000 stock options pursuant to the Corporation's 2008 Stock Option Plan. Of the options granted, 195,000 of the options were to directors and executive officers with the balance granted to employees. The options are exercisable at $2.35 per share, and if not exercised, expire March 25, 2020, subject to earlier expiration in accordance with the 2008 Stock Option Plan and applicable policies of the TSX Venture Exchange.

The value of options issued using the Black-Scholes option-pricing model, was $557,393 which was allocated to the stock-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 3.47%, expected life of options 10 years, annualized volatility 84.3% and dividend rate of nil.

Warrants

On certain issues of common shares, the Corporation has attached warrants entitling the holder to acquire additional common shares of the Corporation. A summary of the outstanding warrants is as follows:

	Warrants	Average Price
Balance, December 31, 2008	**-**	**$ -**
Granted	3,942,041	3.50
Balance, December 31, 2009	**3,942,041**	**3.50**
Granted	-	-
Balance, March 31, 2010	**3,942,041**	**$ 3.50**

11. Common shares (continued)

Broker warrants

On certain issuances of common shares, the Corporation granted broker warrants as partial consideration to the agents for services associated to such share issues. A summary of the outstanding broker warrants is as follows:

	Warrants	Average Price	Fair Value
Balance, December 31, 2008	-	$ -	$ -
Granted	312,992	2.75	387,162
Balance, December 31, 2009	**312,992**	**2.75**	**387,162**
Granted	-	-	-
Balance, March 31, 2010	**312,992**	**$ 2.75**	**$ 387,162**

The value of broker warrants issued in 2009, using the Black-Scholes option-pricing model, was $387,162 which was allocated to the share issue costs with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate 1.27%, expected life of options 2 years, annualized volatility 83% and dividend rate of nil.

Contributed surplus

The fair values of certain stock options have been valued using the Black-Scholes option-pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	March 31 2010	December 31 2009
Balance, beginning of period	$ 1,465,871	$ 635,818
Fair value of broker warrants	-	387,162
Fair value of stock options granted	557,393	442,891
Balance, end of period	**$ 2,023,264**	**$ 1,465,871**

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.

Normal course issuer bid (“NCIB”)

The Corporation, in August 2008, announced its intention to commence a NCIB pursuant to which it could repurchase up to 185,865 common shares during the period commencing August 6, 2008 and ending on the earlier of August 6, 2009 and the date the maximum of 185,865 common shares were repurchased. The Corporation, in July 2009, announced its intention to commence a new NCIB pursuant to which it may repurchase up to 720,823 common shares during the period commencing August 7, 2009 and ending on the earlier of August 6, 2010 and the date which the Corporation has repurchased the 720,823 common shares. Purchases under the bids are to be made in open market transactions through the facilities and in accordance with the rules of the TSX Venture Exchange at market prices prevailing at the time of acquisition. All common shares purchased under the bids are to be cancelled. The Corporation purchased 140,800 common shares pursuant to these NCIBs during the year ended December 31, 2009 and 45,999 shares for the period ended March 31, 2010.

12. Purchase of North Rim Exploration Ltd.

On October 2, 2009 the Corporation agreed to purchase a total of 750,000 Class "A" common shares of North Rim for a purchase price of $1.00 per share. The acquisition of the North Rim shares was completed in two installments on November 2, 2009 and December 31, 2009 respectively.

The acquisition was accounted for using the purchase method and the following table summarizes the preliminary estimated fair value of the assets acquired and liabilities assumed at the December 31, 2009. These allocations are subject to adjustment on the completion of the valuation process.

Net assets acquired	
Current assets	$ 997,605
Property, plant and equipment	61,625
Goodwill	433,909
	1,493,139
Current liabilities	484,354
Future income taxes	4,200
Minority interest	253,085
	$ 751,500
Consideration	
Cash	$ 376,500
Promissory note to vendor	375,000
	$ 751,500

13. Commitments

The Corporation's subsidiary is committed to spend $3,313,600 in qualifying cumulative exploration expenditures by December 31, 2010.

The Corporation has committed to purchase an additional $650,000 of units in Lex Capital Inc.

14. 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 give shareholders sustained growth in shareholder value by increasing shareholders' 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) utilizing leverage in the form of margin (due from brokers) and the Corporation's bank credit line (bank indebtedness);
(c) raising capital through equity financings;
(d) borrowing funds in the form of advances from related parties; and,
(e) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

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 period. To date, the Corporation has not declared any cash dividends to its common shareholders as part of its capital management program. 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. The Corporation expects that its current capital resources will be sufficient to discharge its liabilities as at March 31, 2010.

15. Financial instruments

The investment operations of the Corporation's business involve the purchase and sale of securities and, accordingly, the majority 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 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 has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

The Corporation uses 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, 2010, the Corporation had liabilities payable (collectively "interest risk liabilities"), which bear interest at rates fluctuating with the prime rate. All of the interest rate risk liabilities can be repaid by the Corporation at any time, without notice or penalty, which provides the Corporation with some ability to manage and mitigate its interest rate risk.

15. 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.

At March 31, 2010 the Corporation had loans and advances receivable from companies, totaling $897,733 (2009 - $3,109,195) which represents approximately 1.62% (2009 – 7.39%) of the Corporation's total assets.

(e) Fair value:

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

The following is a summary of the inputs used as of March 31, 2010 in valuing the Corporation's investments carried at fair value:

	Level 1	Level 2	Level 3	Total
Investments, at fair value	**$ 19,870,235**	**$ 1,291,979**	**$ 13,098,075**	**$ 34,260,289**

For the period ended March 31, 2010, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 30, 2009	$ 9,888,140
Additional investments	4,698,761
Consolidation of investment	(1,488,826)
Balance at March 31, 2010	**$ 13,098,075**

During the period ended March 31, 2010, there were no transfers in or out of the Level 3 investments, except for the consolidation of Newsk Emerging Resources Ltd.

49 NORTH RESOURCES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2010

16. Segmented information

The Corporation is a resource investment, financial, managerial and geological advisory, and merchant banking company 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 March 31, 2010, the Corporation has three reportable segments: merchant banking and resource investment, mineral exploration and geological advisory.

	Resource Investment	Geological Advisory	Mineral Exploration	Total
Total Assets	**$ 47,102,586**	**$ 1,496,339**	**$ 6,835,298**	**$ 55,434,223**
Revenues				
Geological	$ -	$ 908,293	$ -	$ 908,293
Realized gains (losses)	15,493,777	-	-	15,493,777
Unrealized (losses) gains	(7,219,759)	-	-	(7,219,759)
Interest and royalty income	3,286	356	95,562	99,204
	8,277,304	**908,649**	**95,562**	**9,281,515**
Expenses				
Business development	226,922	8,215	-	235,137
Interest	231,247	1,175	-	232,422
Licenses, dues and subscriptions	-	18,036	-	18,036
Management fees	225,065	-	-	225,065
Office and administration	25,953	72,863	-	98,816
Professional fees	69,866	72,832	-	142,698
Stock based compensation	557,393	-	-	557,393
Supplies	-	150,356	-	150,356
Transaction costs	38,917	-	-	38,917
Travel	-	32,351	-	32,351
Wages and benefits	80,239	357,291	4,627	442,157
	1,455,602	**713,119**	**4,627**	**2,173,348**
Income before income taxes	**6,821,702**	**195,530**	**90,935**	**7,108,167**
Current income taxes	1,468,265	-	-	1,468,265
Future income tax	1,109,446	35,000	-	1,144,446
Net income from opertations before	**4,243,991**	**160,530**	**90,935**	**4,495,456**
Minority interest	-	(80,265)	-	(80,265)
Net income	**$ 4,243,991**	**$ 80,265**	**$ 90,935**	**$ 4,415,191**

17. Subsequent events

Effective April 12, 2010 the Corporation acquired 89.5% of the issued and outstanding common shares of AllStar Energy Limited, a private company with oil and gas assets in the Kindersley area of Saskatchewan for $3,481,005 cash.

In April 2010, Renegade Petroleum Ltd. launched an offer to acquire all of the shares of Prairie Hunter Energy Corporation ("Prairie Hunter"). 49 North owned 2,950,059 shares of Prairie Hunter and agreed to the transaction realizing a gain on the sale of $1,136,278.