CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2010 and 2009

Management’s Responsibility for Financial Statements

The accompanying consolidated financial statements of 49 North Resources Inc. (the “Corporation”) are the responsibility of management and have been approved by the Board of Directors.

Management, in conformity with Canadian generally accepted accounting principles, has prepared the consolidated financial statements. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Corporation, in furtherance of the integrity and objectivity of data in the consolidated financial statements, has developed and maintains a system of internal accounting controls. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of the consolidated financial statements, and that assets are properly accounted for and safeguarded. The internal accounting control process includes management’s communication to employees of policies that govern ethical business conduct.

The Board of Directors carries out its responsibility for the consolidated financial statements principally through its audit committee. The audit committee reviewed the Corporation’s annual consolidated financial statements and recommended their approval to the board of directors. The shareholders’ auditors have full access to the audit committee, with or without management being present.

The shareholders’ auditors, Hergott Duval Stack LLP, Chartered Accountants, in accordance with Canadian generally accepted audit standards, have examined these consolidated financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.

“Andrew B. Davidson, CA”
Chief Financial Officer

Saskatoon, Saskatchewan

April 26, 2011

Hergott Duval Stack LLP
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
49 North Resources Inc.

We have audited the accompanying consolidated financial statements of 49 North Resources Inc., which comprise the consolidated balance sheet as at December 31, 2010 and 2009 and the consolidated statements of operations and retained earnings and cash flows for the years then ended, and a summary of significant accounts policies and other explanatory information.

Management's Responsibility for the consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors' consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of 49 North Resources Inc. as at December 31, 2010 and 2009 and the results of its operations and its cash flows in accordance with Canadian generally accepted accounting principles.

Hergott Duval Stack LLP

SASKATOON, SASKATCHEWAN

April 26, 2011 Chartered Accountants

49 NORTH RESOURCES INC.

CONSOLIDATED BALANCE SHEET

	December 31 2010	December 31 2009
ASSETS		
Current assets		
Cash and cash equivalents	$ 1,526,415	$ -
Equity instruments, at fair value (Note 3)	45,470,707	37,140,911
Loans and advances receivable (Note 4)	6,378,921	3,109,195
Managment fees receivable	-	11,183
Accounts receivable and prepaid expenses	2,380,387	883,881
	$ 55,756,430	**$ 41,145,170**
Mineral properties and deposits (Note 5)	5,952,897	309,432
Goodwill (Note 7)	1,523,152	394,740
Capital assets (Note 8)	12,696,285	222,394
Future income tax (Note 15)	-	1,069,350
	$ 75,928,764	**$ 43,141,086**
LIABILITIES		
Current liabilities		
Bank indebtedness (Note 9)	$ -	$ 2,023,078
Accounts payable and accrued liabilities	3,979,528	891,510
Management fees and reimbursements payable (Note 10)	116,624	-
Current portion of convertible debentures (Note 11)	4,800,119	-
Current portion of loans payable (Note 12)	1,815,773	-
Income taxes payable	123,409	-
Future income taxes (Note 15)	3,588,288	3,119,135
	14,423,741	6,033,723
Convertible debentures (Note 11)	3,780,957	4,484,649
Loans payable (Note 12)	1,275,800	-
Promissory note payable (Note 13)	541,303	375,000
Asset retirement obligation (Note 14)	168,747	-
Future income tax (Note 15)	1,425,386	-
	21,615,934	**10,893,372**
Minority interest	**2,176,754**	**292,254**
Commitments and contingencies (Note 21)		
SHAREHOLDERS' EQUITY		
Common shares (Note 16)	47,233,937	40,506,340
Contributed surplus (Note 16)	2,233,754	1,465,871
Equity portion of convertible debentures (Note 11)	1,440,321	734,500
Retained earnings (deficit)	1,228,064	(10,751,251)
	52,136,076	**31,955,460**
	$ 75,928,764	**$ 43,141,086**

Signed "Brad Munro" **Signed "Tom MacNeill"**

Director **Director**

49 NORTH RESOURCES INC.

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31

	2010	2009
Revenue		
Realized net gains	$ 18,376,900	$ 1,696,018
Unrealized net gains	1,291,934	14,558,605
Geological consulting fees	3,035,970	-
Oil and gas sales	1,062,699	-
Royalty income	336,453	-
Interest, rent and dividend income	427,793	60,907
	$ 24,531,749	**$ 16,315,530**
Expenses		
Amortization and depletion	1,639,619	49,580
Business development and investor relations	865,997	598,522
Interest and royalties	1,118,930	681,992
Management fees (Note 10)	968,155	528,063
Office and administration	900,470	148,132
Oil and gas operating expense	415,797	-
Professional fees	851,538	363,072
Project expenses	318,585	-
Stock-based compensation (Note 16)	767,883	442,891
Transaction costs	244,612	256,290
Wages and benefits	2,063,319	152,994
	10,154,905	**3,221,536**
Income before income taxes	**14,376,844**	**13,093,994**
Current income tax	752,144	-
Future income tax	1,857,354	1,879,263
Net income from operations before minority interest	**11,767,346**	**11,214,731**
Minority interest	211,969	-
Net income	**11,979,315**	**11,214,731**
Deficit, beginning of year	(10,751,251)	(21,965,982)
Retained earnings (deficit), end of year	**$ 1,228,064**	**$ (10,751,251)**
Basic earnings per share	**$ 0.99**	**$ 1.79**
Diluted earnings per share	**$ 0.96**	**$ 1.74**
Weighted average number of shares outstanding	**12,095,518**	**6,262,029**

49 NORTH RESOURCES INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	2010	2009
Cash flows from operating activities		
Net income	$ 11,979,315	$ 11,214,731
Items not affecting cash		
Realized gain	(18,376,900)	(1,696,018)
Amortization	1,639,619	49,580
Future income tax	1,857,354	442,891
Accretion of convertible debenture	386,055	272,568
Stock based compensation	767,883	1,879,263
Unrealized gains	(1,291,934)	(14,558,605)
Net changes in non-cash working capital items related to operations	1,968,406	(342,092)
	(1,070,202)	**(2,737,682)**
Cash flows from investing activities		
Purchase of capital assets	(7,109,879)	(5,554)
Purchase of investments	(23,052,462)	(14,828,458)
Proceeds from disposal of investments	37,317,967	14,962,342
Purchase of mineral properties and deposits	(23,710)	(309,432)
Loan advances	(3,922,618)	(2,685,666)
Acquisition of subsidiaries, net of cash	(4,993,634)	(751,500)
Cash assumed on acquisition	-	146,223
	(1,784,336)	**(3,472,045)**
Cash flows from financing activities		
Promissory note payable	-	375,000
Issuance of common shares	-	5,016,371
Repurchase of common shares	(844,152)	(293,783)
Share and debenture issuance costs	(274,607)	(1,163,886)
Repayment of loan payable	(77,667)	-
Issuance of long-term debt and convertible debentures	7,600,457	-
	6,404,031	**3,933,702**
Net increase (decrease) in cash during the year (Note 17)	**3,549,493**	**(2,276,025)**
(Bank indebtedness) cash, beginning of year	(2,023,078)	252,947
Cash (bank indebtedness), end of year	**$ 1,526,415**	**$ (2,023,078)**

1. Description of business

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 Flow-Through Fund Roll-over Transaction

During 2009, 49 North 2009 Resource Flow-Through Limited Partnership (the “2009 Fund”), a related party, 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 its 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 12,754,884 immediately after the transaction.

2. Significant accounting policies

These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). The significant accounting policies used are as follows:

Basis of consolidation

These consolidated financial statements include the accounts of the Corporation’s 50% owned subsidiary North Rim Exploration Ltd. (“North Rim”), its 89.5% owned subsidiary Allstar Energy Limited (“Allstar”) and its 80% owned subsidiary Kimpar Resources Inc. (“Kimpar”). All inter-company accounts have been eliminated on consolidation.

Consolidation of variable interest entities

These consolidated financial 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. The Corporation’s investment in Newsk Emerging Resources Ltd. constitutes 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.

Equity accounted investments

Investments in companies that the Corporation has significant influence over are accounted for under the equity method.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturities less than three months.

2. Significant accounting policies (continued)

Valuation of investments

Investments (which are designated as held for trading) are recorded in the financial statements at their fair value at the end of the period, determined as follows:

Publicly traded companies

The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price (Level 1). The quoted bid price value of securities that are subject to a hold period will be valued with an appropriate discount (Level 2).

The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Corporation could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

Privately held companies

The fair value of any shares which are not listed or traded upon a stock exchange are originally recorded at cost, unless the shares are flow-through shares, in which case they are originally recorded either on an assessment of the most recent price at which the investee company issued common equity without flow-through characteristics or at management's estimated fair value. After the initial transaction, adjustments are made to reflect any changes in value as a result of an independent third party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments (Level 3).

Warrants

Warrants are valued at nil during the period in which they are not exercisable and valued based on either quoted market values if traded or the amount by which the warrant is in the money when they become exercisable. A warrant is in the money when the stock price is greater than the exercise price of the warrant (Level 1).

Any difference between the estimated fair value and the cost of the investments is treated as unrealized gains or losses in the statement of operations.

Mineral properties

The cost of mineral properties and related exploration and development costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit-of-production method following the commencement of production or written-off if the properties are sold or abandoned. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves; the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Corporation has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

2. Significant accounting policies (continued)

Capital assets

Capitalized costs

The Corporation follows the full cost method of accounting for exploration and development expenditures, wherein all costs related to the acquisition, exploration and development of petroleum reserves are capitalized in a Canadian cost centre. Such costs include lease acquisition costs, geological and geophysical expenditures, lease rentals on non-productive properties, cost of drilling both productive and non-productive wells and related production equipment costs, and that portion of general and administrative expenses directly attributable to exploration and development activities. Proceeds from the disposition of petroleum properties are applied to reduce the capitalized costs and no gain or loss is recognized on the disposal of petroleum and natural gas properties unless such disposition would alter the depletion and amortization rate by 20% or more.

Depletion/Depreciation

Capitalized costs, together with estimated future capital costs associated with proved undeveloped reserves and amounts related to asset retirement obligations, will be depleted and depreciated using the unit-of-production method based on total estimated proven petroleum reserves, before royalties, as determined by independent engineers. The relative volumes of petroleum reserves and production are converted to equivalent units of oil based on relative energy content of six thousand cubic feet of natural gas to one barrel of oil. Costs of undeveloped and unproved properties are initially excluded from depletion calculations. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to the capitalized costs subject to depletion.

Impairment

Property costs are reviewed at least annually to consider whether there are conditions that may indicate impairment. The carrying values of petroleum properties are compared to their net recoverable amount as estimated by quantifiable evidence of the market value of similar assets or geological resources. If the carrying value is found to exceed the estimated net recoverable amount, a write down will be recorded.

Other capital assets are recorded at cost and are amortized using the declining balance method. On acquisitions during the year, amortization is calculated at one-half the annual rate. Annual amortization rates are as follows:

Automotive	30%
Buildings	10%
Computers	30% and 35%
Computer software	100%
Furniture and equipment	30%
Gas line	4%
Leasehold improvements	20%
Processing facility	10%

Asset retirement obligations

The Corporation recognizes the fair value of liabilities for asset retirement obligations in the period in which they occur and/or in which a reasonable estimate of such costs can be made. The asset retirement obligation is recorded as a liability with a corresponding increase to the carrying amount of the related long lived asset. Subsequently, the asset retirement cost is allocated to expenses using a systematic and rational method and is also adjusted to reflect period to period changes in the liability resulting from passage of time and revisions to either timing or the amount of the original estimate of the undiscounted cash flow.

2. Significant accounting policies (continued)

Goodwill

Goodwill represents the excess of the purchase price of the Corporation's interest in businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. The Corporation determines, at least once annually, whether the fair value of the business to which goodwill has been attributed is less than the carrying value of the business's net assets including goodwill, thus indicating impairment.

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis (temporary differences), and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment.

Earnings per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the "treasury-stock" method for stock options and warrants, which assumes that any proceeds received on exercise of options, or conversion of debentures would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change. Diluted earnings per share amounts also include exchangeable shares using the "if-converted" method to determine the dilutive effect of convertible debentures, whereby it is assumed the conversion of the exchangeable shares occurs at the beginning of the reporting period (or at the time of issuance, if later) where applicable.

Revenue recognition

Security transactions are recorded on a trade basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred.

Geological consulting revenue is recognized as the services are provided to the client.

Production revenue is recognized when the oil and gas is delivered to the buyer.

Dividend income is recognized when the dividends are declared.

Interest and rental income are recognized on an accrual basis.

Royalty income received from projects in which the Corporation has an interest is recorded when received or receivable if the amount can be reasonably estimated.

2. Significant accounting policies (continued)

Use of estimates

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of appreciation (depreciation) of investments and expenses during the reporting period. Actual results could differ from these estimates by a material amount.

Future accounting policies

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, including all quarterly financial statements in fiscal 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. As the International Accounting Standards Board ("IASB") will continue to issue new accounting standards during the conversion period, 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 has developed a plan to convert its financial statements to IFRS, including the engagement of independent consultants. The Corporation is currently in the planning and enabling phase of the conversion, which includes preparing and identifying the differences between existing Canadian GAAP and IFRS, potential business impacts, personnel and technology resource requirements and staff training. Over the next three months, the Corporation will continue to review and assess the implications of the conversion. The conversion to IFRS is a significant initiative for the Corporation, for which substantial resources are being dedicated to ensure a timely and proper implementation.

The initial analysis of IFRS in comparison to Canadian GAAP has identified a number of differences. While Management believes that the impact of these differences individually will not have a material impact on the reported results and financial position, it is not currently possible to fully assess the impact as the standards under IFRS continue to change. The Corporation expects that the majority of the adjustments required to move to IFRS will be made retroactively against opening retained earnings and shown on the opening comparative consolidated balance sheet.

IFRS 1, "First Time Adoption of International Financial Reporting Standards" provides entities which are adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions to certain of the IFRS requirements for retrospective application of IFRS. The Corporation is analyzing the various choices and will implement those which are determined to be most appropriate to the Corporation's particular circumstances.

3. Equity investments

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

	Shares/Warrants	Cost	Fair Value
Mineral exploration			
Alix Resources Corp. (1)	13,333	$ 14,264	$ 2,933
Aguila American Resources Ltd. (1)	323,500	100,720	131,018
Aguila American Resources Ltd. - Warrants	75,000	-	375
Argus Metals Corp. (1)	280,000	31,845	72,800
Argus Metals Corp. - Warrants	250,000	-	27,500
Augen Gold Corp. (1)	227,500	56,875	103,513
Aura Silver Resources Inc. (1)	800,000	146,909	432,000
Aura Silver Resources Inc. - Warrants	1,100,000	-	319,000
Aurvista Gold Corp. (3)	250,000	37,500	37,500
Bacanora Minerals Ltd. (1)	1,672,500	454,234	426,488
Barkerville Gold Mines Ltd. (1)	100,000	100,000	142,000
Barkerville Gold Mines Ltd. - Warrants	212,500	-	89,250
Batero Gold Corp. (1)	372,700	185,990	1,006,290
Batero Gold Corp. - Warrants	170,000	-	299,500
Bending Lake Iron Group Ltd. (3)	1,400,000	1,178,570	1,178,570
Bending Lake Iron Group Ltd. - Warrants	50,000	-	-
Blind Creek Resources Ltd. (3)	400,000	200,000	200,000
Bralorne Gold Mines Ltd. (1) – Warrants	423,000	-	4,230
Canada Gold Corp. (1)	75,000	24,750	12,000
Canada Gold Corp. - Warrants	37,500	-	-
Carpathian Gold Inc. (1)	100,000	56,470	66,000
Cliffmont Resources Ltd. (1)	120,000	30,000	93,600
Cliffmont Resources Ltd. - Warrants	60,000	-	22,800
Colonial Coal International Corp. (1)	225,000	209,841	344,250
Colonial Coal International Corp. - Warrants	25,000	-	10,750
Colorado Resources Ltd. (1)	596,000	133,878	423,160
Colorado Resources Ltd. - Warrants	375,000	-	153,750
Copper Canyon Resources Ltd. (1)	2,638,535	467,396	1,926,131
Copper Reef Mines Ltd. (4)	7,838,000	1,013,687	627,040

3. **Equity investments** (continued)

	Shares/Warrants	Cost	Fair Value
Copper Reef Mines Ltd. - Warrants	850,000	$ -	$ -
Dawson Gold Corp. (1)	1,227,500	184,125	233,225
Dawson Gold Corp. - Warrants	1,250,000	-	-
Diamcor Mining Inc. (1)	142,500	42,750	39,900
Diamcor Mining Inc. - Warrants	167,500	-	-
DNI Metals Inc. (1)	5,477,733	690,707	657,328
DNI Metals Inc. - Warrants	535,714	-	-
Eagle Plains Resources Ltd. (1)	3,338,500	638,220	2,136,640
Eagle Plains Resources Ltd. - Warrants	1,555,000	-	528,700
Eaglecrest Exploration Inc. (1)	166,667	50,000	60,000
Ecuador Capital Corp. (3)	166,667	25,000	25,000
El Nino Ventures Inc. (1)	296,500	24,942	17,790
El Nino Ventures Inc. - Warrants	1,250,000	-	-
El Tigre Silver Corp. (1)	229,000	80,150	98,470
El Tigre Silver Corp. - Warrants	229,000	-	-
EMC Metals Corp. (2)	1,052,631	200,000	394,733
ESO Uranium Corp. (1)	1,000,000	127,321	120,000
ESO Uranium Corp. - Warrants	4,000,000	-	80,000
Estrella Gold Corp. (1)	313,000	250,400	259,790
Estrella Gold Corp. - Warrants	156,500	-	-
Foran Mining Corp. (1)	143,000	39,270	122,980
Formation Metals Inc. – Warrants	100,000	-	-
Gobimin Inc. (1)	200,000	174,033	168,000
Goldcliff Resources Corp. (1)	9,190,000	1,029,413	735,200
Goldcliff Resources Corp. - Warrants	3,000,000	-	-
GoldQuest Mining Corp. (1)	100,000	12,500	35,000
GoldQuest Mining Corp. - Warrants	200,000	-	30,000
Goldsource Mines Inc. (1)	70,000	104,424	55,300
Halo Resources Ltd. (1)	75,001	347,139	44,251
Harmony Gold Corp. (1)	285,714	100,000	40,000
Harmony Gold Corp. - Warrants	142,857	-	-
Hinterland Metals Inc. (1)	200,832	13,063	35,146
Hinterland Metals Inc. - Warrants	416,666	-	31,250
Kent Exploration Ltd. (1)	3,845,000	496,270	499,850
Kent Exploration Ltd. - Warrants	250,000	-	-
Kirrin Resources Inc. (1)	1,671,429	234,000	225,643
Kirrin Resources Inc. - Warrants	1,671,429	-	-
Lakota Resources Inc. (1)	4,918,441	326,110	-
Laurion Mineral Exploration Inc. (1)	1,087,665	120,808	114,205
Miocene Metals Limited - Warrants	18,796	-	-
Nebu Resources Inc. (1)	300,167	45,025	43,524
Nebu Resources Inc. - Warrants	283,333	-	-
Nevada Sunrise Gold Corp. (1)	250,000	50,000	32,500
Nevada Sunrise Gold Corp. - Warrants	250,000	-	-
Niogold Mining Corp. (1)	400,000	124,542	150,000
Niogold Mining Corp. - Warrants	234,900	-	-
North Country Gold Corp. (1)	100,000	55,126	135,000
North Country Gold Corp. - Warrants	25,000	-	18,750

3. Equity investments (continued)

	Shares/Warrants	Cost	Fair Value
Northern Freegold Resources Ltd. (1)	73,300	$ 33,190	$ 24,922
NuCoal Energy Corp. (3)	2,446,770	1,688,804	978,708
Otis Gold Corp. - Warrants	38,462	-	-
Playfair Mining Ltd. (1)	1,911,500	183,887	430,088
Portage Minerals Inc. (4)	953,097	364,721	104,841
Puget Ventures Inc. (1)	51,667	17,571	25,317
Puget Ventures Inc. - Warrants	83,333	-	7,500
Red Rock Energy Inc. (1)	3,425,500	1,122,266	445,315
Red Rock Energy Inc. - Warrants	850,000	-	-
Rio Novo Gold Inc. (2)	43,900	91,980	97,458
Rio Novo Gold Inc. - Warrants	125,000	-	118,750
Rock Tech Resources Inc. - Warrants	500,000	-	10,000
Romios Gold Resources Inc. (1)	200,000	40,320	48,000
Roxgold Inc. (1)	129,666	166,507	40,845
Salazar Resources Ltd. (1)	135,000	137,644	175,500
Salazar Resources Ltd. - Warrants	25,000	-	-
Senator Minerals Inc. (1)	2,451,000	127,135	147,060
Sheltered Oak Resources Corp. (1)	2,000,000	180,000	200,000
Sheltered Oak Resources Corp. - Warrants	500,000	-	-
Shore Gold Inc. (2)	1,030,000	902,567	927,000
Shoreham Resources Ltd. (1)	15,500	5,485	5,735
Skeena Resources Ltd. (1)	2,187,500	195,146	218,750
Skeena Resources Ltd. - Warrants	1,000,000	-	-
Stikine Gold Corp. (1)	610,667	164,291	241,213
Tanzania Minerals Corp. (1)	300,000	93,717	219,000
Tanzania Minerals Corp. - Warrants	300,000	-	24,000
Terra Ventures Inc. (1)	50,000	27,512	25,500
Terrax Minerals Inc. (1)	83,333	25,000	28,333
Terrax Minerals Inc. - Warrants	41,667	-	-
Unity Energy Corp. (1)	1,250,000	312,500	262,500
Unity Energy Corp. - Warrants	200,000	-	-
Uranium North Resources Corp. (1)	497,000	34,790	91,945
Virginia Energy Resources Inc. (1)	662,000	322,299	317,760
Wescan Goldfields Inc. (1)	5,931,133	1,315,434	563,458
Wescan Goldfields Inc. - Warrants	961,539	-	-
Westcore Energy Inc. (1)	6,365,000	2,826,803	2,546,000
Western Potash Corp. (1)	50,000	37,500	116,000
Western Potash Corp. - Warrants	50,000	-	20,500
White Gold Corp. (3)	2,000,000	500,000	360,000
Wildcat Exploration Ltd. (1)	1,155,000	285,929	127,050
Oil & Gas			
Admiralty Oils Ltd. (3)	1,600,000	350,000	350,000
Anglo Canadian Oil Corp. (1)	500,000	125,000	187,500
Archer Petroleum Corp. (1)	931,777	396,200	83,860
Archer Petroleum Corp. - Warrants	77,000	-	-

3. Equity investments (continued)

	Shares/Warrants	Cost	Fair Value
Deloro Resources Ltd. (1)	1,387,500	$ 222,000	$ 194,250
Deloro Resources Ltd. - Warrants	781,250	-	-
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	600,000	47,555	48,000
KFG Resources Ltd. - Warrants	270,000	-	-
Lex Energy Partners LP (3)	820	287,000	287,000
Lion Energy Corp. (1)	990,500	214,398	227,815
Nickel Oil & Gas Corp. (3)	2,000,000	500,000	400,000
Nordic Oil & Gas Ltd. (1)	2,809,999	225,950	533,900
Nordic Oil & Gas Ltd. - Warrants	1,405,000	-	116,317
Nuloch Resources Inc. (1)	450,000	427,351	927,000
Panterra Resources Corp. (1)	1,247,000	300,000	249,400
Panterra Resources Corp. - Warrants	117,500	-	-
Petro One Energy Corp. (1)	2,840,000	843,610	1,050,800
Prairie First Energy Inc. (3)	370,437	370,437	370,437
Rallyemont Energy Inc. (3)	11,573,535	3,613,237	8,101,475
Redwater Energy Corp. (1)	496,667	149,000	173,833
Renegade Petroleum Ltd. (1)	165,021	395,201	668,335
Ruby Energy Inc. (3)	916,996	550,198	229,249
Skywest Energy Corp. (1)	100,000	52,000	68,000
Titanium Corp. Inc. (1)	226,200	288,047	420,732
Torquay Oil Corp. Class A (1)	500,000	410,714	920,000
Torquay Oil Corp. Class B (1)	45,000	450,000	281,250
Torquay Oil Corp. - Warrants	250,000	-	110,000
Valeura Energy Inc. (1)	1,400,000	546,852	518,000
Volcanic Metals Corp. (1)	1,490,000	266,035	327,800
Other			
Augen Capital Corp. (1)	3,043,000	216,520	228,225
Deep Earth Energy Productions Corp. (3)	4,000,000	400,000	400,000
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Gilead Power Corp. (3)	233,333	300,000	300,000
Grafton Resource Investments Ltd. (3)	22,450	1,000,002	682,480
Kenna Capital Corp. (1)	1,000,000	100,000	200,000
Kobex Minerals Inc. (1)	364,000	330,731	342,160
Lex Capital Partners Inc. (3)	1,000	700,000	700,000
Meize Energy Industries Holdings Ltd. (3)	60,000	300,000	300,000
Minerva Minerals Ltd. (1)	1,292,000	92,950	64,600
NovaDX Ventures Corp. (1)	50,000	23,775	22,500
Troy Energy Corp. (1)	3,390,000	792,442	678,000
Vicarage Capital Corp. (3)	12,500	383,475	383,475
		$ 36,956,588	**$ 45,470,707**

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

3. Equity investments

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

	Shares/Warrants	Cost	Fair Value
Mineral exploration			
Alix Resources Corp. (1)	1,511,000	$ 107,762	$ 67,995
Alix Resources Corp. - 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
Bralorne 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 Resources 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	-
Laurion Mineral Exploration Inc. (1)	2,077,665	230,767	93,495
Laurion Mineral Exploration Inc. - Warrants	1,063,832	-	-

3. Equity investments (continued)

	Shares/Warrants	Cost	Fair Value
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
Xtierra Inc. (1)	70,000	3,650	11,900
Xtierra Inc. - Warrants	35,000	-	-

3. Equity investments (continued)

	Share/Warrants	Cost	Fair Value
Oil & Gas			
0856348 BC Ltd. (3)	154,000	46,200	46,200
0856348 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 Resources 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	1,000,002	1,012,514
Kenna Capital Corp. (3)	1,000,000	100,000	100,000
Lex Capital Partners Inc. (3)	200	200,000	200,000
Mieze 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
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(3) Private
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(5) Defunct/Delisted

4. Loans and advances receivable

	December 31 2010	December 31 2009
CVG Mining Ltd.	$ 5,132,240	$ -
Newsk Emerging Resources Ltd.	-	1,301,892
49 North 2009 Resource Flow-Through LP	-	872,909
49 North 2010 Resource Flow-Through LP	766,344	-
Kimpar Resources Ltd.	-	492,833
How 2 Energy Ltd.	230,000	271,605
Hillcrest Resources Ltd.	207,680	-
Unrelated individuals	42,657	169,956
	$ 6,378,921	**$ 3,109,195**

The CVG Mining Ltd. loan is due on demand, bears interest at 4.25% and is secured by certain mineral claims. The 49 North 2010 Resource Flow-Through LP loan is $766,344, bearing interest at the Royal Bank of Canada prime lending rate plus 2% and is secured by the portfolio assets. Subsequent to year-end, the loan receivable from the 49 North 2010 Resource Flow-Through LP was repaid. The How 2 Energy Ltd. loan is due on demand and bears interest at a rate of prime plus 2%. The Hillcrest Resources Ltd. loan has a 12 month term and bears interest at 12% annually and is convertible, at the option of the Corporation, into either common shares of Hillcrest Resources Ltd. or into a working interest in the hydrocarbon production of Hillcrest Resources Ltd. The loans to unrelated individuals bear interest at rates between prime plus 2% and prime plus 5%.

5. Mineral properties and deposits

	Manitoba	Saskatchewan	British Columbia	Quebec	Total
Balance, December 31, 2009	**$ 309,432**	**$ -**	**$ -**	**$ -**	**$ 309,432**
Expenditures during the period					
Acquisition (refund)	(16,217)	967	-	1,680,566	**1,665,316**
Disposal	(153,886)				**$ (153,886)**
Exploration	6,939	12,400	4,000,000	112,696	**4,132,035**
Balance, December 31, 2010	**$ 146,268**	**$ 13,367**	**$ 4,000,000**	**$ 1,793,262**	**$ 5,952,897**

Manitoba properties

In the prior year, the Corporation applied for coal permits with the Government of Manitoba and initiated airborne analysis of these possible permit locations. Some of the permits applied for were not granted, resulting in a refund during the period.

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 held. Under the agreement, Westcore initially acquired a 50% interest in the property covered by the permits held, together with all rights attached 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 $256,825. Under the agreement, Westcore will operate all exploration and drilling activities in respect of the property and will bear responsibility for all exploration expenditures and related costs until such time as a bankable feasibility study is completed.

5. **Mineral properties and deposits** (continued)

Manitoba properties (continued)

Westcore is obliged to expend not less than $500,000 on exploration expenses in respect of the properties during its 2010 – 2011 exploration program and will earn additional interest in these properties based upon the following: (a) provided that Westcore incurs and pays exploration expenditures in excess of $1,000,000 on or before December 31, 2012, Westcore will earn a further 10% interest in the property; and (b) provided that Westcore completes a bankable feasibility study in respect of the property on or before December 31, 2013, Westcore will earn a further 20% interest in the property. The transaction was completed on October 18, 2010 and the full amount of the promissory note was subsequently received.

Saskatchewan properties

In the year, the Corporation applied for Kimberlite permits with the Government of Saskatchewan and has initiated preliminary prospecting and exploration of these possible permit locations.

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 properties. In addition, the Corporation was granted a 2.5% net smelter returns royalty on the mineral claims covered by the agreement.

Quebec properties

Through its acquisition of an 80% interest in Kimpar, the Corporation acquired an 80% interest in certain mineral rights related to highly prospective copper, molybdenum, industrial minerals and quarry product properties located in the Gaspe region of the Province of Quebec.

6. **Acquisitions**

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 fair value of the assets acquired and liabilities assumed at the December 31, 2009.

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
Total consideration	**$ 751,500**

6. Acquisitions (continued)

Purchase of Allstar Energy Limited

On April 12, 2010, the Corporation agreed to purchase a total of 10,548,502 common shares of Allstar for a purchase price of $0.33 per share.

The acquisition was accounted for using the purchase method and the following table summarizes the fair value of the assets acquired and liabilities assumed at the date of purchase.

Net assets acquired	
Current assets	$ 55,192
Property, plant and equipment	4,029,954
Other long term assets	62,025
Goodwill	835,922
	4,983,093
Current liabilities	405,587
Future income taxes	387,624
Other long-term liabilities	398,560
Minority interest	310,317
	$ 3,481,005
Consideration	
Cash	**$ 3,481,005**

Purchase of Kimpar Resources Inc.

On December 13, 2010, the Corporation agreed to purchase a total of 45,246,000 common shares of Kimpar for a purchase price of $0.025 per share.

The acquisition was accounted for using the purchase method and the following table summarizes the fair value of the assets acquired and liabilities assumed at the date of purchase.

Net assets acquired	
Current assets	$ 492,907
Property, plant and equipment	1,682,126
	2,175,033
Current liabilities	595,140
Minority interest	293,439
	$ 1,286,454
Consideration	
Cash	**$ 500,000**
Conversion of existing loan to common shares	**646,000**
Previous purchase	27,600
Settlement of loans receivable	112,854
Total consideration	**$ 1,286,454**

7. Goodwill

	December 31, 2010	December 31, 2009
Balance, beginning of year	394,740	-
Acquisition (Note 6)	1,128,412	394,740
Impairment of goodwill	-	-
Balance, end of year	$ 1,523,152	$ 394,740

At December 31, 2010, goodwill represents the excess of total purchase price over the net identifiable assets and liabilities of North Rim, Allstar and Newsk. As North Rim, AllStar and Newsk are considered to be separate reporting units, goodwill related to each was tested in conjunction with the long lived assets of these reporting units and no adjustment for impairment resulted.

8. Capital assets

	December 31 2010			December 31 2009
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	$ 65,926	$ 57,282	$ 8,644	$ 12,343
Computers and software	216,486	160,385	56,101	25,373
Furniture and equipment	171,952	77,380	94,572	79,344
Leasehold improvements	255,726	80,281	175,445	105,334
Petroleum properties and equipment	16,467,131	4,105,608	12,361,523	-
	$ 17,177,221	**$ 4,480,936**	**$ 12,696,285**	**$ 222,394**

Petroleum properties

The Corporation, through its subsidiary, Allstar has an interest in 6,360 acres of crown and freehold land in the Viking oil field in Kindersley, Saskatchewan, as well as exclusive exploration rights over 22,000 acres of heavy oil lands on the Red Pheasant First Nation in Saskatchewan, including an Indian Oil and Gas Canada subsurface permit covering 10,566 acres. Through its working interest agreement with Allstar, the Corporation has a 63% working interest in five oil and gas wells and a 53.11% working interest in an additional five oil and gas wells in the Kindersley oil field in West-Central Saskatchewan.

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

Through its subsidiary, Newsk, the Corporation has a 3 – 6% royalty interest in seven oil and gas wells in Southeast Saskatchewan.

8. Capital assets (continued)

Petroleum properties (continued)

The Corporation performed a ceiling test calculation at December 31, 2010 to assess the recoverability of its petroleum and natural gas interest. It was determined that there was no impairment using the following projected prices for oil and natural gas:

Year	Oil Price	Natural Gas Price
2011	83.36	3.59
2012	85.36	4.05
2013	87.96	4.73
2014	90.51	5.19
2015	92.56	5.69
2016	94.41	5.80
2017	96.30	5.92
2018	98.23	6.04
2019	100.19	6.16
2020	102.19	6.28
2021	104.24	6.41
2022	106.32	6.53
2023	108.45	6.66
2024	110.62	6.80
2025	112.83	6.93

9. Bank indebtedness

Bank indebtedness consists of margin borrowing secured by the Corporation's investments held at each brokerage house. Interest is charged on the daily outstanding balance at a tiered rate equal to the brokerage houses overnight rate plus a percentage ranging from 2.0% to 2.5% depending on the amount of margin used. As at December 31, 2010, the Corporation had margin borrowings of nil. The Corporation has guaranteed Allstar's line of credit. As at December 31, 2010 Allstar's bank indebtedness was $547,165.

10. Related party transactions

During the year ended December 31, 2010, management fees of $951,333 (2009 - $528,063) and reimbursements of $252,959 (2009 - $105,211) 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.

10. Related party transactions (continued)

During the year, the Corporation sold an initial 50% interest in its Manitoba coal permits and pending permits to Westcore, a related party, in exchange for 1,000,000 common shares of Westcore with a transaction date fair value of $340,000 and an unsecured demand promissory note in the amount of $256,825 (see Note 5). As a result of this transaction, the Corporation realized a gain of $442,939. Westcore is related by virtue of the ownership position held by the Corporation. This transaction is in the normal course of operations and is measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The Corporation has two working interest arrangements with Allstar. In accordance with the first agreement, which covers five wells, the Corporation committed to funding 90% of the drilling costs in exchange for 63% of the net production from the wells. In accordance with the second agreement, which covers an additional five wells, the Corporation committed to funding 72.61% of the drilling costs in exchange for 50.83% of the net production from the wells. In the year, the Corporation advanced $5,064,204 under these working interest agreements and recorded net income from the wells of $298,021. Included in accounts payable is $922,554 related to the funding of these working interest arrangement.

11. Convertible debentures

On September 23, 2010 and October 13, 2010, the Corporation raised proceeds of $4,690,800 on the private placement of 8% convertible unsecured debentures. The debentures have a three-year term, maturing September 23, 2013, and bear interest from the date of issuance at 8% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on September 23 in each of 2011, 2012 and on maturity.

The debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on September 23, 2013, into fully paid, non-assessable common shares of the Corporation at a conversion price of: (i) $4.00 per share if converted prior to September 23, 2011; (ii) $4.25 per share if converted on or after September 23, 2011 and before September 23, 2012; and, (iii) $4.50 per share if converted on or after September 23, 2012 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 September 23, 2011, 4% of the outstanding principal amount if redeemed on or after September 23, 2011 but before September 23, 2012, or 2% of the outstanding principal amount if redeemed on or after September 23, 2012 and prior to maturity.

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.

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

11. Convertible debentures (continued)

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 Corporation'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.

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 rates of between 15.00% and 15.74% for a comparable debt instrument that excluded any conversion privilege by the holders. The residual carrying value of the debentures is to be accreted to the redemption value of the debenture to the redemption date of the debenture based on an effective annual interest rate.

	December 31 2010	December 31 2009
Face value of convertible debentures	$ 9,690,800	$ 5,000,000
Plus: accretion	765,365	379,149
Less: debt issue costs	(434,688)	(160,000)
Equity portion of convertible debenture	(1,440,321)	(734,500)
Less, current portion of convertible debenture	(4,800,199)	-
	$ 3,780,957	**$ 4,484,649**

12. 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 have been classified as a current liability.

13. Promissory notes payable

As part of the acquisition of 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 installments 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. As at December 31, 2010, $27,667 of principle payments had been made on the promissory note.

As a part of the acquisition of Kimpar, promissory notes were issued to various creditors in the amount of $193,970 in total by Kimpar. The notes are unsecured, non-interest bearing and are due November 7, 2012.

14. Asset retirement obligation

	December 31, 2010
Balance, beginning of year	$ -
Balance assumed on acquisition of Allstar	145,345
Liabilities incurred	14,535
Accretion expense	8,867
Balance, end of year	**$ 168,747**

Future asset retirement obligations 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 the total undiscounted cash flows required to settle the obligations will be $262,500. The obligations have been discounted using a credit adjusted risk free rate of 6.1% 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 Corporate resources at that time.

15. Future 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 income tax assets and liabilities are as follows:

	December 31 2010	December 31 2009
Future income tax asset (liability)		
Non-capital loss carryforwards	$ 533,211	$ 714,433
Deferred share issue costs	308,352	354,917
Mineral properties and capital assets	(2,266,949)	
Investments	(3,588,288)	(3,119,135)
Less, current portion of future income tax liability	3,588,288	3,119,135
	$ (1,425,386)	**$ 1,069,350**

16. Common shares and contributed surplus

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, net of tax	-	(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	(398,899)	(844,552)
Balance, December 31, 2010	**12,298,483**	**$ 47,233,937**

During the year ended December 31, 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 was comprised of one common share and one common share purchase warrant, exercisable at $3.50 within 24 months of the issuance. 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 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 small-cap companies. 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 totaling $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.

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 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.

16. Common shares and contributed surplus (continued)

A summary of the status of the Corporation's stock option plan and changes during the year is presented below.

	December 31, 2010		December 31, 2009	
	Options	Price	Options	Price
Outstanding, beginning of year	295,000	2.03	75,000	$ 10.00
Options cancelled	-	-	(75,000)	(10.00)
Options cancelled	(25,000)	(2.00)	(25,000)	(2.00)
Options granted	300,000	2.35	295,000	2.00
Options granted	60,000	2.00	25,000	2.38
Outstanding, end of year	**630,000**	**$ 2.20**	**295,000**	**$ 2.03**

During the year, the board of directors of the Corporation approved the grant of 360,000 stock options pursuant to the Corporation's 2008 Option Plan. 255,000 of the options were granted to directors and executive officers with the balance granted to employees. 295,000 of the options are exercisable at $2.00 per share and, if not exercised, expire April 2, 2019, subject to earlier expiration in accordance with the Plan and applicable policies of the TSX Venture Exchange. 25,000 of the options are exercisable at $2.38 per share and, if not exercised, expire September 9, 2019, subject to earlier expiration in accordance with the Plan and applicable policies of the TSX Venture Exchange. 300,000 of the options are exercisable at $2.35 per share. 280,000 of these options, if not exercised, expire March 25, 2020, while 20,000 of these options, if not exercised, expire June 18, 2020. 60,000 of the options are exercisable at $2.00 per share and, if not exercised, expire October 15, 2010.

During the year, the board of directors of Allstar approved a grant of 200,000 stock options pursuant to Allstar's stock option plan. The options are exercisable at $0.33 per share and, if not exercised, expire August 12, 2020. The stock options of the subsidiary company have a vesting period of 3 years.

The value of options issued in 2010, using the Black-Scholes option-pricing model, was $767,883 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 of between 2.40% and 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, 2009	3,942,041	**$** 3.50
Granted	-	-
Balance, December 31, 2010	**3,942,041**	**$ 3.50**

16. Common shares and contributed surplus (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, 2009	312,992	$ 2.75	$ 387,162
Granted	-	-	-
Balance, December 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 and broker warrants 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:

	December 31 2010	**December 31 2009**
Balance, beginning of year	$ 1,465,871	$ 635,818
Fair value of broker warrants	-	387,162
Fair value of stock options granted	767,883	442,891
Balance, end of year	**$ 2,233,754**	**$ 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.

16. Common shares and contributed surplus (continued)

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. In July 2009, the Corporation 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. In August 2010 the Corporation disclosed its intention to make a normal course issuer bid for up to 1,009,345 of its common shares during the period commencing August 7, 2010 and continue until the earlier of August 6, 2011 and the date by which the Corporation has acquired the maximum 1,009,345 common shares which may be purchased under the Bid. 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 398,899 shares for the year ended December 31, 2010.

17. Note to statement of cash flow

During the year, non-cash financing and investing activities were as follows:

	December 31 2010	December 31 2009
Common shares issued for investments	$ -	$ 12,661,023
Broker warrants issued	-	387,162
Cash interest paid	731,465	455,142

18. 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 December 31, 2010.

19. 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 occasionally uses financial leverage (or "margin") when purchasing investments. 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. As at December 31, 2010, the Corporation was not utilizing margin on any of its investments. 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 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 December 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.

19. 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 December 31, 2010 the Corporation had loans and advances receivable totaling $6,378,921 (2009 - $3,109,195) which represents approximately 8.42% (2009 – 7.4%) of the Corporation's total assets.

(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 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.

(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.

The following is a summary of the inputs used as of December 31, 2010 in valuing the Corporation's investments carried at fair value as discussed in Note 2:

	Level 1	Level 2	Level 3	Total
Investments, at fair value	**$ 30,132,171**	**$ 1,669,480**	**$ 13,669,056**	**$ 45,470,707**

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

Beginning balance as at January 1, 2010	$ 9,888,140
Additional investments	6,052,149
Disposal of investment	-
Transfer to Level 1	(3,635,980)
Net unrealized gains	3,523,216
Consolidation of investment	(2,158,469)
Balance at December 31, 2010	**$ 13,669,056**

The transfers to Level 1 consist of investment in private companies as at December 31, 2009 which became publicly traded investments during the year. Consolidation of investment consists of the investment in Newsk and Kimpar as at December 31, 2009 which are now consolidated given the control position in these investments that was obtained in the year.

20. 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 December 31, 2010, the Corporation has three reportable segments: merchant banking and resource investment, geological advisory and extractive industries.

	Resource Investment	Geological Advisory	Extractive Industries	Total
Total assets	**$ 49,420,074**	**$ 1,775,657**	**$ 24,733,033**	**$ 75,928,764**
Revenues				
Realized net gains	18,376,900	-	-	18,376,900
Unrealized net gains	1,291,934	-	-	1,291,934
Geological consulting fees	-	3,035,970	-	3,035,970
Oil and gas sales	-	-	1,062,699	1,062,699
Royalty income	-	-	336,453	336,453
Interest, rent and dividend income	106,475	228,742	92,576	427,793
	19,775,309	**3,264,712**	**1,491,728**	**24,531,749**
Expenses				
Amortization and depletion	62,916	37,806	1,538,897	1,639,619
Business development and investor relations	769,370	95,353	1,274	865,997
Interest and royalties	971,915	6,350	140,665	1,118,930
Management fees	951,333	-	16,822	968,155
Office and administration	172,633	408,202	319,635	900,470
Oil and gas operating expense	-	-	415,797	415,797
Professional fees	609,546	208,613	33,379	851,538
Project expenses	-	318,585	-	318,585
Stock based compensation	697,798	-	70,085	767,883
Transaction costs	244,612	-	-	244,612
Wages and benefits	385,444	1,677,875	-	2,063,319
	4,865,567	2,752,784	2,536,554	10,154,905
Net income before income taxes	14,909,742	511,928	(1,044,826)	14,376,844
Income tax (recovery)	654,701	81,155	16,288	752,144
Future income tax (recovery)	1,003,520	(1,200)	855,034	1,857,354
Net income before minority interest	**13,251,521**	**431,973**	**(1,916,148)**	**11,767,346**
Minority interest	-	(215,986)	427,955	211,969
Net income (loss)	**$ 13,251,521**	**$ 215,987**	**$ (1,488,193)**	**$ 11,979,315**

21. Commitments and contingencies

The Corporation has committed $533,000 for an additional investment in Lex Energy Partners LP. The Company has committed $300,000 for an additional investment in Lex Capital Partners LP.

The Corporation has guaranteed its Allstar's line of credit. As at December 31, 2010 the bank indebtedness of the Allstar was $547,165.

The Corporation, through its subsidiary Kimpar, entered into nine asset purchase agreements under which the Corporation is committed to conduct exploration work representing capital expenditures in the amount of $2,900,000 over the next four years. Kimpar has minimum annual statutory obligations of $13,052 and annual minimum work commitments of $173,993 in order to keep its various claims in good standing.

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 Company'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.

22. Comparative figures

The comparative figures were adjusted to conform with the current year presentation.

23. Subsequent events

On February 1, 2011, the Corporation completed its Roll-over Transaction with 49 North 2010 Resource Flow-Through Limited Partnership (the "2010 Fund"), a related party. Effective February 1, 2011, the 2010 Fund transferred substantially all of its assets - valued at $8,088,084 - on a tax deferred "roll-over" basis to the Corporation in exchange for 2,174,122 common shares of the Corporation. Following the transfer, the 2010 Fund was wound up and dissolved and the common shares were distributed to the partners of the 2010 Fund. As a result, each (former) limited partner of the 2010 Fund received approximately 3.022 common shares for each limited partnership unit they formerly held in the 2010 Fund. The transaction also resulted in the number of outstanding common shares of the Corporation increasing to 15,012,605 immediately after the transaction.

Subsequent to year end, 42,700 shares were purchased for retirement under the Corporations NCIB.

Subsequent to year end, 221,340 warrants and 182,934 broker warrants were exercised at $3.50 and $2.75 respectively for gross proceeds of $1,277,759. In accordance with the broker warrant agreement, 182,934 new broker warrants were issued upon exercise of existing warrants. The new warrants have an exercise price of $3.50 and expire on June 18, 2011.