CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2012 and 2011

ERNST & YOUNG

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 statement of financial position as at December 31, 2012, and the consolidated statements of comprehensive loss, changes in equity and cash flows for the year then ended, and a summary of significant accounting 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 International Financial Reporting Standards, 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, 2012, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that 49 North Resources Inc. has incurred losses of $30,602,000 since inception, has continuing operating losses, and has debentures coming due for payment in 2013. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about 49 North Resources Inc.'s ability to continue as a going concern.

Other matter

The consolidated financial statements of 49 North Resources Inc. for the year ended December 31, 2011 were audited by another auditor who expressed an unmodified opinion on those statements on April 23, 2012.

Ernst & Young LLP

SASKATOON, SASKATCHEWAN

April 29, 2013

Chartered Accountants

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

		December 31 2012		December 31 2011
ASSETS				
Current assets				
Cash and cash equivalents	$	8,098	$	3,871
Equity instruments, at fair value (Note 3)		20,529		35,992
Loans and advances receivable (Note 4)		1,425		805
Managment fees receivable (Note 10)		85		78
Accounts receivable and prepaid expenses		1,472		3,313
		31,609		**44,059**
Non-current assets				
Equity investment in associate (Note 5)		9,313		9,400
Exploration and evaluation assets (Note 6)		19,318		11,101
Goodwill (Note 7)		531		2,017
Property, plant and equipment (Note 8)		886		20,821
Total assets	**$**	**61,657**	**$**	**87,398**
LIABILITIES				
Current liabilities				
Bank indebtedness (Note 9)	$	-	$	3,431
Accounts payable and accrued liabilities		8,267		8,340
Current portion of convertible debentures (Note 11)		4,411		-
Income taxes payable		155		48
		12,833		**11,819**
Non-current liabilities				
Convertible debentures (Note 11)		10,170		13,505
Loans payable (Note 12)		1,054		1,240
Promissory note payable (Note 13)		59		398
Decommissioning liabilties (Note 14)		741		525
Other Liability		105		219
Deferred income tax liabilities (Note 15)		2,335		4,348
Total liabilities		**27,297**		**32,054**
Contingencies and commitments (Note 18)				
Description of business and going concern (Note 1)				
EQUITY				
Common shares (Note 16)		57,862		57,235
Contributed surplus (Note 16)		2,533		3,958
Equity portion of convertible debentures (Note 11)		1,516		1,516
Deficit		(30,602)		(10,070)
Equity attributable to common sharholders		31,309		52,639
Minority interest		3,051		2,705
		34,360		**55,344**
Total liabilities and equity	**$**	**61,657**	**$**	**87,398**

Approved by the Board

"Tom MacNeill"
Director

"Steve Halabura"
Director

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

		2012		2011
Continuing operations				
Revenues				
Geological and other consulting	$	15,100	$	3,962
Oil and gas sales		1,409		1,249
Realized (losses) gains		(5,008)		6,157
Unrealized losses on portfolio investments (note 3)		(9,134)		(13,433)
Equity loss on investment in associate		(87)		-
Royalty income		69		108
Interest and dividend income		568		619
		2,917		**(1,338)**
Expenses				
Amortization and depletion		868		554
Business and investor relations		754		950
Finance		3,580		2,533
Management fees (Note 10)		1,222		1,162
General and administration		2,303		1,775
Oil and gas operations		1,456		516
Professional fees		748		1,265
Project costs on geological and other consulting activities		11,131		988
Share based compensation (Note 16)		-		1,126
Transaction costs		59		224
Wages and benefits		3,095		2,446
		25,216		**13,539**
Writedown - oil & gas properties (Note 6)		(3,082)		(430)
Writedown - goodwill (Note 7)		(1,249)		(717)
Loss before income taxes		**(26,630)**		**(16,024)**
Current income tax (recovery)		201		48
Deferred income tax (recovery)		(3,512)		(2,773)
Net loss from continuing operations	**$**	**(23,319)**	**$**	**(13,299)**
Discontinued operations				
Profit for the period from discontinued operations (note 23)		**3,256**		**2,015**
Loss and comprehensive loss for the year	**$**	**(20,063)**	**$**	**(11,284)**
Loss to common shareholders from continuing operations		(23,007)		(12,938)
Income to common shareholders from discontinued operations		3,256		1,803
Loss to non-controlling interest from continuing operations		(312)		(149)
Income to non-controlling interest from discontinued operations		-		212
Net loss and comprehensive loss	**$**	**(20,063)**	**$**	**(11,072)**
Basic and diluted loss per share (Note 16)	**$**	**(1.25)**	**$**	**(0.75)**
Weighted average number of shares outstanding		**15,738,645**		**14,996,987**

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

	Common Shares		Share Capital		Contributed Surplus		Equity portion of convertible debentures		Deficit		Total		Minority Interest		Total Equity
			Attributable to the common shareholders												
Balance, January 1, 2011	**12,298**	**$**	**47,234**	**$**	**2,620**	**$**	**934**	**$**	**1,959**	**$**	**52,747**	**$**	**2,303**	**$**	**55,050**
2010 Fund unit exchange	2,714		8,106		-		-		-		8,106		-		8,106
Warrants excercised	510		1,923		(355)		-		-		1,568		-		1,568
Stock options excercised	34		137		(67)		-		-		70		-		70
Investment in subsidiary	-		-		726		-		-		726		339		1,065
Stock options issued	-		-		611		-		-		611		-		611
Stock options cancelled	-		-		(70)		-		-		(70)		-		(70)
Shares repurchased and cancelled	(51)		(141)		-		-		-		(141)		-		(141)
Share issue costs (net of tax)	-		(24)		-		-		-		(24)		-		(24)
Issuance of convertible debentures	-		-		-		1,075		-		1,075		-		1,075
Retirement of convertible debentures	-		-		493		(493)		-		-		-		-
Dividends paid	-		-		-		-		(682)		(682)		-		(682)
Net loss and comprehensive loss	-		-		-		-		(11,347)		(11,347)		63		(11,284)
Balance, December 31, 2011	**15,505**	**$**	**57,235**	**$**	**3,958**	**$**	**1,516**	**$**	**(10,070)**	**$**	**52,639**	**$**	**2,705**	**$**	**55,344**

	Common Shares		Share Capital		Contributed Surplus		Equity portion of convertible debentures		(Deficit)		Total		Minority Interest		Total Equity
Balance, January 1, 2012	**15,505**	**$**	**57,235**	**$**	**3,958**	**$**	**1,516**	**$**	**(10,070)**	**$**	**52,639**	**$**	**2,705**	**$**	**55,344**
(Investment) disinvestment in subsidiary	-		-		(1,425)		-		-		(1,425)		658		(767)
Retained earnings adjustment	-		-		-		-		-		-		-		-
Shares issued	288		938		-		-		-		938		-		938
Shares cancelled under	-		-		-		-		-		-		-		-
normal course issuer bid (note 16)	(167)		(320)		-		-		-		(320)		-		(320)
Debentures converted	2		9		-		-		-		9		-		9
Dividends paid	-		-		-		-		(781)		(781)		-		(781)
Net loss and comprehensive loss	-		-		-		-		(19,751)		(19,751)		(312)		(20,063)
Balance, December 31, 2012	**15,628**	**$**	**57,862**	**$**	**2,533**	**$**	**1,516**	**$**	**(30,602)**	**$**	**31,309**	**$**	**3,051**	**$**	**34,360**

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

	2012	2011
Cash flows from Operating Activities		
Net loss	$ (20,063)	$ (11,284)
Items not affecting cash		
Realized loss (gains)	5,008	(6,157)
Amortization and depletion	868	1,401
Deferred income recovery	(2,830)	(1,835)
Accretion of convertible debentures	1,086	841
Stock based compensation	-	1,126
Goodwill impairment	1,249	717
Writedown - oil and gas properties	3,082	430
Unrealized (gains) losses	9,134	13,433
Net changes in non-cash working capital items related to operations:	(972)	3,696
	(3,438)	**2,368**
Cash flows from Investing Activities		
Purchase of capital assets	(251)	(9,960)
Proceeds from disposal of capital assets	16,983	90
Purchase of investments	(3,248)	(15,112)
Proceeds from disposal of investments	6,921	21,533
Exploration and development	(7,683)	(9,120)
Loan (repayments) advances	(525)	174
Cash received on amalgamation	-	4,847
Acquisition of subsidiary (net of cash)	-	(673)
	12,197	**(8,221)**
Cash flows from Financing Activities		
Issuance of common shares	-	1,638
Issuance of convertible debenture	-	11,500
Repurchase of common shares	(320)	(141)
Repayment of long-term debt	-	(6,995)
Dividends paid	(781)	(682)
Share and debenture issuance costs	-	(553)
	(1,101)	**4,767**
Net change in cash during the period	**7,658**	**(1,086)**
Cash, beginning of period	440	1,526
Cash, end of period	**$ 8,098**	**$ 440**
Cash consists of:		
Cash and cash equivalents	$ 8,098	$ 3,871
Bank indebtedness (Note 9)	-	(3,431)
	$ 8,098	**$ 440**
Non cash transactions		
Common shares issued for acquisition of subsidiary	$ 938	$ 8,106
Interest paid in the year	$ 1,990	$ 1,012
Income taxes paid in the year	$ 96	$ 122

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1. Description of business and going concern

Description of business

49 North Resources Inc. (the "Corporation") is a resource investment, financial, managerial and geological advisory Corporation which, as its principal business, invests in a diversified portfolio of common shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. In addition, the Corporation may take control positions and play a management role in selected resource issuers and/or become directly or indirectly involved in the acquisition, development and commercialization of resource properties through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for such purposes.

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

These consolidated financial statements were approved by the Corporation's board of directors on April 29, 2013.

Going concern

These consolidated financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the ordinary course of business. To date, the Corporation has incurred losses totalling $30,602. The recoverability of the accumulated costs shown for mineral properties, oil and gas working interests and capital assets is dependent upon the existence of economically recoverable reserves, future profitable production and on the Corporation's ability to obtain the necessary financing to fund its operations. The Corporation relies on debt and equity financing, active portfolio trading and cash from oil and gas activities to fund its operations, including the exploration and evaluation of its properties. Due to continuing operating losses, inactivity in the capital markets and the maturity of the September 23, 2010 and October 13, 2010 debentures on September 23, 2013, the Corporation's continuance as a going concern is dependent upon its ability to obtain adequate financing and/or restructuring its current financial position. Management is addressing the going concern issue through a combination of corporate cost cutting measures and pursuing a restructuring of the existing debentures with the debenture holders.

There can be no certainty as to the ability of the Corporation to recover its exploration and evaluation assets or to obtain sufficient financing to continue its operations. Accordingly, there is significant uncertainty as to the ability of the Corporation to continue as a going concern. These financial statements do not reflect any adjustments or other changes that may be required should the Corporation be unable to continue as a going concern. Such adjustments and changes could be material.

2. Significant accounting policies

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

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with International Financial Reporting Standards which the Corporation adopted in its annual consolidated financial statements as at and for the year ended December 31, 2011.

Basis of preparation

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

2. Significant accounting policies (continued)

Basis of consolidation

These consolidated financial statements include the accounts of the Corporation's 50% owned subsidiary North Rim Exploration Ltd. ("North Rim"), its 100% owned subsidiary Allstar Energy Limited ("Allstar"), its 80% owned subsidiary Kimpar Resources Inc. ("Kimpar"), its 50% joint interest in Vicarage Capital Corp. ("Vicarage"), and its special purpose entities 101197165 Saskatchewan Ltd. (101197165 SK) which is used to create working interest in exploration projects, 101197166 Saskatchewan Ltd. (101197166 SK) which is used to create working interest in exploration projects and Newsk Emerging Resources Ltd. ("Newsk") which is used to create working interest in exploration projects (collectively, the "SPEs"). The corporation holds 100% of the non-voting common shares of each SPEs. All inter-Corporation accounts have been eliminated on consolidation. Investments are consolidated where the Corporation has the ability to exercise control. Control is achieved when the Corporation has the power to govern the financial and operating policies of the entity. For non wholly-owned subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statement of financial position.

The corporation and its associates account for its 40% equity interest in CVG Mining Ltd. (CVG) using the equity method.

Foreign currency translation

i) Functional currency

Items included in the financial statements of each of the Corporation's subsidiaries are measured using the currency of the primary economic environment in which the subsidiary operates (the "functional currency"). The functional currency for the Corporation is the Canadian dollar ("Canadian dollar"); the functional currency for Vicarage is the United Kingdom pound sterling ("UK sterling").

ii) Foreign currency transactions

Foreign currency transactions are translated into the Corporation's functional currency of the Corporation's subsidiaries at exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated statements of comprehensive loss which are de minims..

iii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian dollars at the dates of the transactions and foreign currency adjustments recorded through other comprehensive income which are de minims.

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. The fair value of investment funds and limited partnerships are recorded based on their published net asset value per unit.

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 and where the Corporation does not control the entity, 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 Corporation 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 fair 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.

Warrants

For options and warrants which are not traded on a recognized securities exchange, no market value is readily available. When there are sufficient and reliable observable market inputs, the warrants are valued using the Black-Scholes option pricing model, otherwise they are recorded at their intrinsic value.

Joint interest operations

Joint interest operation with respect the Corporations exploration and evaluation activities are conducted jointly with others and accordingly the Corporation's consolidated financial statements reflect only the Corporations proportionate interest in such activities. Note 24 describes the corporation's reportable segments. Substantially all of the activities in the Extractive Industries segment are conducted through joint ventures and are proportionately consolidated in the segmented reporting.

Exploration and evaluation assets held for sale

Exploration and evaluation assets are classified as held for sale if their net book values are expected to be recovered through a disposition rather than through continuing use. The assets or disposal groups are measured at the lower of their net book value and fair value less costs to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on re-measurement are recognized in net income or loss.

2. Significant accounting policies (continued)

Exploration and evaluation assets

Pre-license costs

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Exploration and evaluation ("E&E") costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and/or probable reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount, and upon transfer to property, plant and equipment whereby they are allocated to cash-generating units based on geographical proximity and other factors.

Farm-in and farm out arrangements

The Corporation, as farmee, recognizes its expenditures under farm-in arrangements in respect of its own interest and that retained by the farmor, as and when the costs are incurred. The farmee accounts for its expenditures under a farm-in arrangement in the same way as directly incurred E&E expenditure.

The Corporation, as farmor, accounts for the farm-out arrangement as follows; the farmor does not record any expenditure made by the farmee on its behalf, does not recognize any gain or loss on the farm-out arrangement, but rather redesignates any costs previously capitalized in relation to the whole interest as relating to the partial interest retained, any cash consideration received is credited against costs previously capitalized in relation to the whole interest with any excess accounted for by the farmor as a gain on disposal.

Property, plant and equipment ("PP&E")

Property, plant and equipment include the costs of development and production that are not E&E assets, and costs for corporate (office) assets. PP&E is recorded at cost less accumulated depletion and depreciation and accumulated impairment losses, net of recovered impairment losses.

The Corporation does not hold any assets requiring a substantial period of time to get ready for intended use. Accordingly to date, no borrowing costs have been capitalized.

2. Significant accounting policies (continued)
Property, plant and equipment ("PP&E") (continued)

Oil and gas development and production assets
Development and production assets are capitalized on an area-by-area basis and include all costs associated with the development and production of oil and natural gas reserves. These costs may include proved property acquisitions, development drilling (including unsuccessful or delineation wells), completion, gathering and infrastructure, decommissioning costs, amounts transferred from E&E assets and directly attributable internal costs.

Expenditures to renew or improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Any gains or losses from the divestiture of development and production assets are recognized in earnings. Accumulated costs are depleted using the unit-of-production method based on estimated proved plus probable reserves. Costs subject to depletion include estimated future costs to be incurred in developing proved plus probable reserves and exclude residual amounts. Depletion is calculated based on individual components (i.e. fields or combinations thereof and other major components with different useful lives).

Other assets
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%

Impairment of non-current assets
The carrying amounts of the Corporation's property, plant and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in earnings for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

2. Significant accounting policies (continued)
Impairment of non-current assets (continued)

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and depreciation, had no impairment loss been recognized for the asset (or CGU).

A reversal of an impairment loss is recognized immediately in earnings.

E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

Provisions

Provisions are recorded when the Corporation has a present obligation as a result of a past event, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured based on the discounted expected cash flows.

Decommissioning liabilities are recognized for the future legal or constructive obligation to abandon and reclaim the Corporation's oil and natural gas properties. The amount of the decommissioning liabilities represents the net present value of the estimated future expenditures required to abandon and reclaim the Corporation's net ownership in wells and facilities determined in accordance with local conditions, current technology and current requirements. The liabilities are calculated using currently estimated abandonment and reclamation costs inflated to the estimated decommissioning date and then discounted using a risk free discount rate. A liability is recorded in the period in which an obligation arises with a corresponding decommissioning cost added to the carrying amount of the related asset. The liability is progressively accreted over time as the effect of discounting unwinds, creating an accretion expense which is recognized as part of finance expense. The related decommissioning cost capitalized in property, plant and equipment is depreciated in a manner consistent with the depletion and depreciation of the underlying asset.

Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the decommissioning liability and the related decommissioning cost. Actual decommissioning expenditures incurred are charged against the accumulated liability to the extent recorded.

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 cash generating unit (“CGU”) to which goodwill has been attributed is less than the carrying value of the business’s net assets including goodwill, thus indicating impairment.

2. Significant accounting policies (continued)

Deferred income taxes

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects to recover or settle the carrying amount of its assets and liabilities.

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of any tax effects.

Share based payments

Options granted are accounted for using the fair value method. Under this method, the fair value of stock options granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Corporation uses the Black-Scholes option-pricing method to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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 warrants 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.

2. Significant accounting policies (continued)

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. Cost is 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.
- 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.

Business combinations
Business combinations are accounted for using the acquisition method. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price below fair value is recognized as a gain in earnings. Associated transaction costs are expensed when incurred though the statement of earnings.

Significant accounting judgments, estimates and assumptions
The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:
- fair value of investment in securities not quoted in an active market or private Corporation investments;
- fair value of financial derivatives;
- the recoverable amounts of cash-generating units used in impairment testing of long-lived assets including estimates of reserves and resources, future commodity prices, production costs, foreign exchange rates, discount rates, inflation and income tax rates;
- the determination of useful lives, units of production and residual values of property, plant and equipment;
- the fair value of stock-based compensation determined using the Black-Scholes option pricing model using estimates for expected forfeitures, useful life and stock volatility;
- the provision for deferred income taxes based on estimated tax bases using substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled; and
- amounts recorded for decommissioning liabilities including estimates around timing and amount of expenditures required to settle liabilities and the risk free discount rate used.

2. Significant accounting policies (continued)

Reserves Estimates
Reserve engineering is an inherently complex and subjective process of estimating underground accumulations of petroleum and natural gas. The process relies on interpretations of available geological, geophysical, engineering and production data. The accuracy of a reserves estimate is a function of the quality and quantity of available data, the interpretation of that data, the accuracy of various economic assumptions and the judgment of those preparing the estimate. Because these estimates depend on many assumptions, all of which may differ from actual results, reserves estimates and estimates of future net revenue may be different from the sales volumes ultimately recovered and net revenues actually realized. Changes in market conditions, regulatory matters and the results of subsequent drilling, testing and production may require revisions to the original estimates. Estimates of reserves impact: (i) the assessment of whether or not a new well has found economically recoverable reserves; (ii) depletion rates; and (iii) the determination of the realizable value of oil and gas properties for impairment tests, all of which could have a material impact on earnings.

Impairment of Non-Financial Assets
Amounts used for impairment testing and calculations are based on estimates of future commodity prices, expected volumes, quantity of reserves and discount rate as well as future development costs and operating costs. These calculations require the use of estimates and assumptions which, by their nature, are subject to measurement uncertainty. In addition, judgment is exercised by management as to whether there have been indicators of impairment or impairment reversal. Indicators of impairment or impairment reversal may include, but are not limited to a change in: market value of assets, estimate of future prices and costs, a change in estimated quantity of reserves and appropriate discount rate. Management will determine whether a change in one or more indicators of impairment or impairment reversal results in a change in the estimated recoverable amount of the asset. Accordingly, the impact in the financial statements of future periods could be material.

Future accounting pronouncements
The following are new and revised accounting pronouncements that have been issued but are not yet effective:

IFRS 9 Financial Instruments
IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and shall be applied to annual periods beginning on or after January 1, 2015 with early adoption permitted. IFRS 9 establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows.

IFRS 10 Consolidated Financial Statements
IFRS 10 replaces IAS 27 Consolidated and Separate Financial Statements and shall be applied to annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 10 builds on existing principles and standards and identifies the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. IFRS 10 revises the definition of control and adds requirements to consider when making control decisions. The standard gives additional guidance to assist in the determination of control where it is difficult to make an assessment.

2. Significant accounting policies (continued)

IFRS 11 Joint Arrangements
IFRS 11 replaces IAS 31 Interests in Joint Ventures and shall be applied to annual periods beginning on or after January 1, 2013, with early adoption permitted. IFRS 11 will apply to interests in joint arrangements where there is joint control. The concept of control identified in IFRS 10 above may result in an entity being included in the consolidated financial statements of the parent, where previously IAS 31 was applied. IFRS 11 requires joint arrangements to be classified as either joint operations or joint ventures. The structure of the joint arrangement is no longer the most significant factor when classifying the joint arrangement as either a joint operation or joint venture. In addition, the option to account for joint ventures using proportionate consolidation has been removed and equity accounting is required. Venturers would transition the accounting for joint ventures from the proportionate consolidation method to the equity method by aggregating the carrying values of the proportionately consolidated assets and liabilities into a single item.

IFRS 12 Disclosure of Interests in Other Entities
IFRS 12 shall be applied to annual periods beginning on or after January 1, 2013, with early adoption permitted. The standard provides disclosure requirements for a reporting entity's interests held in other entities including: subsidiaries, joint arrangements, associates, or unconsolidated structured entities. The standard's disclosure requirements help identify the net income or loss and cash flows available to the reporting entity and determine the value of a current or future investment in the reporting entity.

IFRS 13 Fair Value Measurement
IFRS 13 shall be applied to annual periods beginning on or after January 1, 2013. The standard defines fair value and provides, in a single IFRS, a framework for measuring fair value when it is required or permitted within IFRS standards. The standard also provides consistent disclosure requirements about fair value measurements.

The Corporation is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

3. Equity investments
As at December 31, 2012 and 2011, the Corporation's investments consist of the following:

	December 31, 2012		**December 31, 2011**	
	Cost	**FMV**	**Cost**	**FMV**
Base and Precious Metals	14,978	8,043	15,644	15,353
Coal	5,881	932	5,516	2,208
Diamonds	469	173	1,529	860
Oil & Gas	7,763	9,343	9,162	11,713
Other	3,325	1,723	5,092	4,049
Uranium	781	315	1,962	1,161
Futures contracts	-	-	-	648
	$ 33,197	**$ 20,529**	**$ 38,905**	**$ 35,992**

3. Equity investments (continued)

The equity investments consist of investment in common shares of corporations of which 52.78% of the fair value are private, 43.53% are listed on the TSXV, 2.67% are listed on the CNSX and 1.02% are listed on the TSX.

As in prior years, an analysis of fair value was prepared for the private investments held in the portfolio. The analysis used comparable entities public company stock prices, observable index comparisons, transaction prices for same or similar instruments and information for brokers and other analysis. Because of this review, management has recorded a $1,133 unrealized loss on certain private company investments.

4. Loans and advances receivable

		December 31, 2012		December 31, 2011
49 North 2011 Resource Flow-Through LP	$	674	$	608
49 North 2012 Resource Flow-Through LP		492		-
Unrelated corporations		134		-
How 2 Energy Ltd.		110		170
Unrelated individuals		15		27
	$	**1,425**	**$**	**805**

The How 2 Energy Ltd. loan is due on demand and bears interest at a rate of prime plus 2%. The loan to the 49 North 2011 Resource Flow-Through LP and the 49 North 2012 Resource Flow-Through LP (the "LPs") bears interest at prime plus 2% and is secured by all of the assets of the LP. The loans to unrelated individuals and unrelated corporations bear interest at rates between prime plus 2% and prime plus 5%.

5. Investment in associate

		December 31, 2012		December 31, 2011
Loan receivable	$	5,400	$	5,400
Equity investment in associate		4,000		4,000
Accumulated losses in associate		(87)		-
	$	**9,313**	**$**	**9,400**

The loan receivable from associate bears interest at 4.25% per annum, is due on demand and is secured by certain mineral claims. Investment in CVG and loans receivable from CVG were reclassified into investment in associated to conform with current year presentation.

6. Exploration and evaluation assets

	Manitoba	Saskatchewan oil & gas	British Columbia	Quebec	Total
Balance, January 1, 2011	**$ 146**	**$ 13**	**$ 4,000**	**$ 1,822**	**$ 5,981**
Exercise of option agreement	-	-	(4,000)	-	**(4,000)**
Exploration	-	838	7,302	980	**9,120**
Balance, December 31, 2011	**$ 146**	**$ 851**	**$ 7,302**	**$ 2,802**	**$ 11,101**
Exploration	16	4,852	2,275	540	**7,683**
Reclass for property, plant & equipment	-	3,132	-	-	**3,132**
Impairment	-	(2,500)	-	-	**(2,500)**
Disposal	-	(98)	-	-	**(98)**
Balance, December 31, 2012	**$ 162**	**$ 6,237**	**$ 9,577**	**$ 3,342**	**$ 19,318**

Manitoba properties

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

On April 27, 2010, the Corporation and Westcore Energy Inc. (“Westcore”) entered into a binding agreement for the sale of an interest in the permits. Under the agreement, Westcore initially acquired a 50% interest in the property covered by the permits, together with all rights attaching to them with the ability to increase this interest to as much as 80%. The consideration payable to the Corporation under the agreement consisted of the issuance of an aggregate of 1,000,000 common shares in the capital of Westcore, together with an unsecured demand promissory note in the amount of $257, which was subsequently received. 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. Westcore is obliged to expend not less than $500 on exploration expenses in respect of the properties during its 2010 – 2011 exploration program and will earn additional interest in these property based upon the following: (a) provided that Westcore incurs and pays exploration expenditures in excess of $1,000 on or before December 31, 2012 (met), Westcore will earn a further 10% interest in the property; and (b) provided that Westcore 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. As Westcore has met the 2012 exploration requirement, it now holds a 60% interest in the property.

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 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. The Corporation exercised its option agreement and converted $4,000 of exploration assets for a 40% equity interest in CVG Mining Ltd. The Corporation has entered into a new agreement with CVG Mining Ltd. under substantially similar terms as the previous option agreement stated above.

6. Exploration and evaluation assets (continued)

British Columbia properties (continued)
During 2012, the Corporation and its associates entered into three separate option agreements with the following terms:

On January 1, 2012, CVG agreed to give an additional option to earn up to a 13% undivided interest to 101197168 SK, with the following terms: a 1% undivided property interest to all the properties for every $100,000 of expenditures incurred to a maximum of a 13.00% undivided interest, free and clear of any encumbrances, save and except for the permitted encumbrances and the royalty. On June 26, 2012, the option was exercised for a 12.987% interest.

On January 3, 2012, CVG agreed to give an additional option to earn up to a 13% undivided interest to 101197166 SK, with the following terms: a 1% undivided property interest to all the properties for every $100,000 of expenditures incurred to a maximum of a 13.00% undivided interest, free and clear of any encumbrances, save and except for the permitted encumbrances and the royalty. On June 26, 2012, the option was exercised for a 11.800% interest.

On February 1, 2012, the CVG agreed to give an additional option to earn up to a 11.4% undivided interest to Newsk, with the following terms: a 1% undivided property interest to all the properties for every $100,000 of expenditures incurred to a maximum of a 11.40% undivided interest, free and clear of any encumbrances, save and except for the permitted encumbrances and the royalty. On June 26, 2012, the option was exercised for a 10.300% interest. As of December 31, 2012, the Optionee has advanced $3,508,700.

In January 2011, the CVG agreed to give a second option to Newsk to earn up to a 34.5% undivided interest and a 6.65% net smelter royalty with the following terms: a 7.5% undivided interest and a 1.25% net smelter royalty in and to all the Properties for the first $1,795,000 of expenditures incurred free and clear of any encumbrances, save and except for the permitted encumbrances and the royalty, and a 1% undivided property interest and a 0.2% net smelter royalty, in and to all the Properties for every additional $200,000 of expenditures incurred to a maximum of a 27.00% undivided interest and 5.40% net smelter royalty, free and clear of any encumbrances, save and except for the permitted encumbrances and the royalty.

On October 4, 2013 the Corporation and its associates entered into a non-binding letter of intent to dispose of its exploration and evaluation assets in British Columbia with Omineca Mining and Metals Ltd. ("OMM"). The proposed transaction envisages payment in the amount of $16,615 comprised of 47,472 common shares of OMM at a deemed price of $0.35 per share as well as the issuance by OMM of a $5,400 convertible debenture.

OMM is expected to have a shareholder meeting in June 2013 to vote on the proposed transaction. Anticipated closing of this transaction is expected five days after the OMM shareholder vote.

6. **Exploration and evaluation assets** (continued)

Saskatchewan oil & gas

The Corporation, through its subsidiary Allstar, controls approximately 52,000 acres of land with 100% of the rights to explore for, and develop petroleum and natural gas, as well as approximately 640 acres of land where Allstar owns 50% of the natural gas rights. 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. Given the limited success on initial drill results in the Red Pheasant property, management determined that impairment indicators were evident and determined that a $2.5 million impairment allowance was needed.

On initial acquisition of both the Red Pheasant and Riverside properties management believed that they would be in economical production in a short period of time and accordingly classified these properties as developed and producing under the Company's accounting policies. However, operational challenges within both properties and the fact that fewer than expected wells were drilled, it was decided that the properties which were in property plant & equipment in 2011, should now be moved to exploration and evaluation as there was more planning and evaluation to be performed before the projected could become economically feasible.

Quebec properties

The Corporation, through its 80% ownership of its subsidiary Kimpar, holds an interest in certain mineral rights related to copper, molybdenum, industrial metals and quarry product properties in the Gaspe region of the Province of Quebec, inclusive of nine asset purchase agreements. Under these asset purchase agreements, the Corporation is committed to conduct exploration work representing capital expenditures in the amount of $2,900 over the next four years, and has minimum annual statutory obligations of $13 and annual minimum work commitments of $174 in order to keep its various claims in good standing.

7. Goodwill

	December 31, 2012	December 31, 2011
Balance, beginning of year	$ 2,017	$ 1,621
Acquisitions	600	1,113
Disposition of Viking CGU	(837)	-
Impairment	(1,249)	(717)
Balance, end of period	**$ 531**	**$ 2,017**

At December 31, 2011, goodwill represents the excess of total purchase price over the net identifiable assets and liabilities of North Rim, Allstar, Vicarage Newsk, 101197165 SK and 101197166 SK. With Allstar's disposition of its Viking property, the goowill allocated to this CGU has also been disposed. As North Rim, Vicarage and Newsk are considered to be separate CGUs, goodwill related to each was tested in conjunction with the long lived assets of these reporting units and it was determined that a write down was required related to the goodwill attributable to the acquisition of Vicarage, 101197165 SK and 101197166 SK due to the significant downturn in the capital markets of the United Kingdom and project delays respectively. The Corporation used the value in use method to evaluate the carrying amount of goodwill. The key assumptions used in the assessment include an estimate of current cash flow, taxes, and a growth rate of 2% and capital maintenance expenditures, discounted at 10% post tax. These assumptions are based on past experiences.

8. Property, plant and equipment

	Total	Oil & gas interests	Processing facility, equipment, and gas line	Other Corporate Assets
Cost:				
Balance at January 1, 2011	17,190	14,094	2,384	712
Additions	9,960	7,853	2,047	60
Dispositions	(106)	(14)	-	(92)
Write down of carry amount	(430)	(430)	-	-
Balance at December 31, 2011	26,614	21,503	4,431	680
Additions	251	-	-	251
Reclass to Exploration & evaluation	(4,051)	(2,869)	(1,182)	-
Dispositions	(20,926)	(17,500)	(3,249)	(177)
Write down of carry amount	(582)	(582)	-	-
Balance at December 31, 2012	**1,306**	**552**	**-**	**754**
Accumulated depletion and depreciation				
Balance at January 1, 2011	4,463	3,813	264	386
Depletion/depreciation expense	1,401	856	399	146
Dispositions	(71)	-	-	(71)
Balance at December 31, 2011	5,793	4,669	663	461
Reclass to Exploration & evaluation	(918)	(404)	(514)	-
Depletion/depreciation expense	868	723	-	145
Dispositions	(5,323)	(4,988)	(149)	(186)
Balance at December 31, 2012	**420**	**-**	**-**	**420**
Total balance at December 31, 2012	**886**	**552**	**-**	**334**

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

On November 9, 2012, the corporation along with its wholly owned subsidiary Allstar disposed of its working interests in oil lands, wells and equipment and gas processing facility in the Kindersley Viking area for $16,222 cash proceeds, after closing adjustments.

8. Property, plant and equipment (continued)

Petroleum properties

The impairment test at December 31, 2012 considered the results of a decrease in the forecasted oil prices, discount rate of 10% and lower than expected production results experienced during 2012, which negatively impacted the recoverable amount based on the discounted cash flows before tax. As such, the Corporation recorded impairment on this CGU in the amount of $582. The CGU of the Corporation is not considered to be a material oil & gas assets by the Corporation and, as such, no reserve report was obtained on the property.

The following projected prices for oil and natural gas were used for asset impairment tests:

Year	Oil Price
2013	89.48
2014	91.18
2015	91.18
2016	95.45
2017	97.16
2018	98.90
2019	100.67
2020	102.48
2021	104.33
2022	106.21
2023	108.14

A five percent increase in the assumed discount rate would result in an additional impairment of $133, whereas a 5% decrease in discount rate would result in a $214 decrease to the impairment. Similarly, a 5% increase in expected oil price would result in an $84 decrease to the impairment, whereas a 5% decrease in expected oil price would result in an $84 increase to the impairment.

9. Bank indebtedness

Bank indebtedness consists of the Corporations' cash balance, cash in brokerage accounts, operating line of credit, margin borrowing secured by the Corporation's investments held at each brokerage house and the operating line of credit of Allstar. 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, 2012, the Corporations cash balance and brokerage cash was $8,098 (2011 – $3,871), its bank indebtedness was nil (2011 - $3,431) and had margin borrowings of nil. During the year, the Corporation, repaid its bank its bank indebtedness and the line of credit was cancelled.

10. Related party transactions

Compensation of key executive personnel

	December 31, 2012	December 31, 2011
Management fees to TMM Portfolio Management Inc.	$ 1,007	$ 1,157
Salaries to officers	250	183
Directors fees	54	66
Stock based compensation to directors and officers	-	467
	$ 1,311	$ 1,873

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, 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

Related party transactions

During the period ended December 31, 2012 reimbursements of $147 (2011 - $322) were incurred or accrued to 1381613 Alberta Ltd., a corporation controlled by the CEO of the Corporation. As at December 31, 2012, the Corporation had a $85 receivable (2011 – $78 receivable) from TMM.

During the period ended December 31, 2012, geological services were provided to key management personnel and entities over which they have control or significant influence, the aggregate value of the transactions were as follows:

i. Consulting services were provided to GenSource Capital Inc. (formerly NEXXT Potash Inc.) totaling $157,565 (2011 – $278,470), a company whose acting chief executive officer and member of the board is also a member of the board of the Corporation.
ii. Consulting services were provided and office facilities were subleased to Concept Forage Inc. totaling $6,790 (2011 – $82,671) and $98,470 (2011 - $69,697), respectively, a company which is controlled by a director that is a member of the board of the Corporation.
iii. Consulting services were provided to Deep Earth Energy Production Inc. totaling $1,868 (2011 – $73,036), a company which has a common member of the board
iv. Consulting services were provided to FNR Asset Management Inc. totaling $1,125 (2011 – $12,270), a company which has a common member of the board.
v. Consulting services were provided to HCF Merchantile totaling nil (2011 – $11,780), a company which has a common member of the board

These transactions are recorded at fair value.

11. Convertible debentures

a) On June 29, 2011 and July 11, 2011 the Corporation raised proceeds of $11,500 on the short form prospectus offering of 8% convertible unsecured debentures. The debentures have a three-year term, maturing June 29, 2014, 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 June 29 in each of 2012, 2013 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 June 29, 2014, into fully paid, non-assessable common shares of the Corporation at a conversion price of $4.50 per common share.

Subject to certain conditions precedent, the Corporation may redeem the debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date plus a premium equal to 6% of the outstanding principal amount if redeemed prior to June 29, 2012, 4% of the outstanding principal amount if redeemed on or after June 29, 2012 but before June 29, 2013, or 2% of the outstanding principal amount if redeemed on or after June 29, 2013 and prior to maturity.

b) On September 23, 2010 and October 13, 2010, the Corporation raised proceeds of $4,691 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.

	December 31, 2012	**December 31, 2011**
Face value of convertible debentures	$ 16,181	$ 16,191
Plus: accretion	1,927	841
Less: debt issue costs	(964)	(964)
Less: deferred income tax on equity portion	(1,047)	(1,047)
Equity portion of convertible debenture	(1,516)	(1,516)
Less, current portion of convertible debenture	(4,411)	-
	$ 10,170	**$ 13,505**

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 are classified as a current liability.

13. Promissory notes payable

As part of the acquisition of North Rim, the Corporation issued a $375 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, 2012, $316 of principal payments had been made on the promissory note.

Subsequent to year end, the remaining balance of the promissory note was repaid and the note was retired in full.

14. Decommissioning liabilities

	December 31, 2012	December 31, 2011
Balance, beginning of year	**$ 525**	**$ 169**
Liabilties incurred	1,105	343
Liabilities disposed	(913)	-
Accretion expense	24	13
Balance, end of year	**$ 741**	**$ 525**

The total of the decommissioning liabilities are estimated based on the Corporation's net ownership interest in all the wells and facilities, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Corporation has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be $1,690. The obligations have been discounted using a credit adjusted risk free rate of 4% and an inflation rate of 2% per year. Most of these obligations are not expected to be paid until approximately 15 years in the future and will be funded from general Corporation resources at that time.

15. Deferred income taxes

Deferred 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:

	December 31 2012	December 31, 2011
Non-capital loss carryforwards	$ 932	$ 861
Share issue costs	204	454
Exploration and evaluation assets	(3,373)	(4,025)
Convertible debentures	(432)	(725)
Property and equipment	(3)	(71)
Investments	337	(842)
Deferred income tax liability	$ (2,335)	$ (4,348)

The provision for income tax, both current and deferred, differs from the amount calculated by applying the combined expected federal and provincial rate to profit before taxes. The reasons for these differences are as follows:

	2012	2011
(Loss) income for the year before income taxes	$ (22,692)	$ (13,071)
Expected income tax (recovery) expense at blended tax rate of 19.5%	(4,428)	(2,614)
Share issue costs	(134)	(134)
Tax rate differential on temporary differences	-	152
Share based compensation	-	268
Relating to origination and reversal of temporary differences for assets	1,640	87
Reversal of temporary differences on convertible debentures	293	454
	(2,629)	(1,787)

16. Common shares and contributed surplus

Stock option plan

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

16. Common shares and contributed surplus (continued)

Stock option plan (continued)

A summary of the status of the 2008 Corporation's stock option plan and changes during the year is presented below. All options vest upon grant.

	December 31, 2012		December 31, 2011	
	Options	**Price**	**Options**	**Price**
Exercisable, beginning of year	811,490	2.56	630,000	2.20
Options forfieted	(16,490)	2.35	-	-
Options forfieted	(15,000)	3.60	-	-
Options exercised	-	-	(33,510)	(2.09)
Options granted	-	-	195,000	3.60
Options granted	-	-	20,000	3.01
Exercisable, end of year	**780,000**	**$ 2.16**	**811,490**	**$ 2.56**

During the fourth quarter of 2011, the board of directors of the Corporation approved the grant of 20,000 stock options pursuant to the Corporation's 2008 Option Plan. All of the options were granted to an employee of the Corporation. The options are exercisable at $3.01 per share and, if not exercised, expire October 3, 2021, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX Venture Exchange.

During the second quarter of 2011, the board of directors of the Corporation approved the grant of 195,000 stock options pursuant to the 2008 Option Plan. 140,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $3.60 per share and, if not exercised, expire May 5, 2021, subject to earlier expiration in accordance with the 2008 Option Plan and applicable policies of the TSX Venture Exchange.

The value of options issued during the fourth quarter of 2011, using the Black-Scholes option-pricing model, was $53,882 which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of between 2.25%, expected life of options 10 years, annualized volatility 98.96% and dividend rate of nil.

The value of options issued during the second quarter of 2011, using the Black-Scholes option-pricing model, was $564,248 which was allocated to the share-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate of 2.25%, expected life of options 10 years, annualized volatility 83.74% and dividend rate of nil.

16. Common shares and contributed surplus (continued)

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:

	December 31, 2012			December 31, 2011		
	Warrants		Price	Warrants		Price
Exercisable, beginning of year	-	$	-	3,942,041	$	3.50
Warrants excersised	-	$	-	(221,340)	$	(3.50)
Warrants granted	-	$	-	288,591	$	3.50
Warrants expired	-	$	-	(4,009,292)	$	(3.50)
Exercisable, end of year	**-**	**$**	**-**	**-**	**$**	**-**

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:

	December 31, 2012			December 31, 2011		
	Warrants		Price	Warrants		Price
Exercisable, beginning of year	-	$	-	312,992	$	-
Broker warrants excersised	-		-	(288,591)		(2.75)
Broker warrants expired	-		-	(24,401)		(2.75)
Exercisable, end of year	**-**	**$**	**-**	**-**	**$**	**-**

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.

16. Common shares and contributed surplus (continued)

Contributed surplus (continued)

A summary of the contributed surplus activity is as follows:

	December 31, 2012	December 31, 2011
Balance, beginning of year	$ 3,958	$ 2,620
Stock options exercised	-	(67)
Broker warrants exercised	-	(355)
Fair value of stock options granted	-	611
Cancellation of stock options	-	(70)
Equity portion of debenture retired		493
Change in ownership of subsidiary	(1,425)	726
Balance, end of year	**$ 2,533**	**$ 3,958**

During 2012, the Corporation purchased the remaining 10.5% shares of Allstar for $1,250 and Gespeg, a subsidiary of Kimpar sold shares to third parties for $705 reducing the Corporation's interest in the subsidiary from 72% to 56%. These transactions resulted in $201 decrease and a $859 increase, respectively to minority interest.

During the fourth quarter of 2012, a consolidated subsidiary completed a financing of which the Corporation and its associates did not participate in, effectively reducing the Corporation and its associates ownership percentage in the subsidiary. The change in ownership of subsidiary adjustment above reflects the net book value of the ownership dilution. Also in the year the Corporation purchased the remaining 10.5% of the common shares of its subsidiary AllStar which results in an adjusted to contributed surplus.

Earnings per share and diluted earnings per share

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

The basic and diluted earnings per share are the same as the conversion of the convertible debentures (note 11) would not have a dilutive effect on earnings

	December 31, 2012	December 31, 2011
Net loss attributable to common shareholders (CDN$ thousands)	(19,751)	(11,347)
Weighted average number of common shares (CDN$ thousands)	15,739	14,997
Basic and diluted earnings per common share (CDN$ thousands)	(1.25)	(0.75)

16. Common shares and contributed surplus (continued)

Earnings per share and diluted earnings per share (continued)

Subsequent to year end and effective February 1, 2013, the Corporation issued 5,565,314 common shares as consideration for the acquisition of substantially all of the net assets of the 49 North 2011 Resource Flow-Through Limited Partnership and the 49 North 2012 Resource Flow-Through Limited Partnership. See Note 20.

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.

17. Acquisitions

2012 Follow-on Purchase of Allstar Energy Ltd.

In 2012, the Corporation purchased of the remaining 10.50% of the common shares of Allstar in exchange for aggregate consideration of $1,250,000 consisting of 288,462 common shares of the Corporation at a deemed price of $3.25 per share and cash consideration of $312,500. After this purchase, the Corporation owns 100% of the equity of Allstar. (see Note 16)

2011 Follow-on Purchase of Vicarage Capital Corp.

In 2011, the Corporation purchased an additional 25% of Vicarage for a total of 50% of the common voting shares of Vicarage.

The acquisition was accounted for using the acquisition 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	$ 170
Goodwill	649
	819
Current liabilities	45
	$ 774
Consideration	
Cash	**$ 774**

18. Commitments

The Corporation, through its subsidiary Kimpar's investment in Gespeg, is committed to conduct exploration work representing capital expenditures in the amount of $850 in total over the next two years, and annual lease and work commitments of $184 in total annually.

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

19. Capital management

The Corporation's objectives when managing capital are:
(a) to ensure that the Corporation maintains the level of capital necessary to meet the requirements of its brokers and bank;
(b) to allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
(c) to provide sustained growth and value by increasing equity; and,
(d) to maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

The Corporation manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of its underlying assets. The Corporation maintains or adjusts its capital level to enable it to meet its objectives by:
(a) realizing proceeds from the disposition of its investments;
(b) creates cash flow from its oil & gas operations
(c) utilizing leverage in the form of margin (due from brokers) and the Corporation's bank credit line (bank indebtedness);
(d) raising capital through equity financings;
(e) borrowing funds in the form of advances from related parties; and,
(f) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

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

The payment of cash dividends that occurred in 2012 has been stopped and now does not form part of the Corporation's current capital management. The Corporation is not subject to any capital requirements imposed by a regulator. Except for the change in dividend payment policy, there were no changes in the Corporation's approach to capital management during the period. 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.

20. Financial instruments

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

20. Financial instruments (continued)

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

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

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

(b) Market risk:

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

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

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at December 31, 2012, 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.

20. 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, 2012 the Corporation had loans and advances receivable from companies, totaling $6,825 (2011 - $6,205) which represents approximately 10.4% (2011 – 7.4%) of the Corporation's total assets. As at December 31, 2012 an impairment loss of $94 (2011 – nil) and an allowance for doubtful accounts provision of $124 (2011 – nil) was recorded.

(e) Commodity price risk:

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

In the past, and from time to time, the Corporation has attempted to mitigate a portion of its commodity price risk through the use of the futures contract, as at December 31, 2012 – all futures contracts have been disposed.

(f) Fair value:

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

Fair value hierarchy

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

	Level 1	Level 2	Level 3	Total
Investments, at fair value	**$ 9,700**	**$ 607**	**$ 10,222**	**$ 20,529**

For the year ended December 31, 2012, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 31, 2011	$16,776
Additional investments	1,273
Transfers out	(4,164)
Disposals	(2,145)
Unrealized loss on investment	(1,518)
Balance at December 31, 2012	**$10,222**

During the twelve months ended December 31, 2012, The following companies were transferred out of level 3 investments due to their initial public offering; Tembo Gold Corp., Ecuador Gold and Copper Corp. (formerly Ecuador Capital Corp.). White Gold Corp. which has engaged in a partial share conversion with Auro Resources Corp, a public company.

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21. Subsequent event

Acquisition of the 2012 49 North Resource Flow-Through Limited Partnerships

Subsequent to year-end, and effective February 1, 2013, the Corporation acquired substantially all of the net assets of the 49 North 2012 Resource Flow-Through Limited Partnership. The acquisition was accounted for using the acquisition method and the following table summarizes the fair value of the assets acquired and the liabilities assumed at the date of purchase.

Net assets acquired	
Current assets	$ 4,106
Current liabilities	625
Net Assets	**$ 3,481**
Consideration	
Common shares issued	2,149
Deemed price per share	$ 1.62
Total consideration	**$ 3,4,81**

Acquisition of the 2011 49 North Resource Flow-Through Limited Partnerships

Subsequent to year-end, and effective February 1, 2013, the Corporation acquired substantially all of the net assets of the 49 North 2011 Resource Flow-Through Limited Partnership. The acquisition was accounted for using the acquisition method and the following table summarizes the fair value of the assets acquired and the liabilities assumed at the date of purchase.

Net assets acquired	
Current assets	$ 6,435
Current liabilities	900
Net Assets	**$ 5,535**
Consideration	
Common shares issued	$ 3,417
Deemed price per share	$ 1.62
Total consideration	**$ 5,535**

21. Subsequent event (continued)

Debenture restructuring

Subsequent to year-end, on April 23, 2013, the Corporation announced its intention to renegotiate the terms of both series of convertible debentures that are currently outstanding. Under the proposed restructuring, both series of debentures would have their respective maturities extended by three years, the interest rate will increase to 9%, the 2013 interest payment will be capitalized to principal, the conversion price will be reduced to $1.50 for the full remaining term, and the early retirement premium will be removed. The Corporation expects to have a vote of the debentureholders on or about June 6, 2013.

Follow-on acquisition of Kimpar

Subsequent to year-end, on March 27, 2013, the Corporation acquired the remaining 20% shareholder interest in Kimpar. As consideration, the Corporation issued a promissory note to each of the previous shareholders of Kimpar, totaling $515,946. Once the liabilities of Kimpar are settled, the Corporation will proceed to wind up Kimpar into the Corporation and settle the promissory notes by issued each former shareholder of Kimpar their pro rata share of the Gespeg Copper Resources Inc. shares formerly held by Kimpar. It is anticipated that the wind up will be completed in May of 2013.

22. Discontinued operations

In late 2012, 49 North disposed of all its assets relating the Viking oil & gas property, near Kindersley Saskatchewan, for proceeds of $16,222.

The results for Viking property for the year are presented below

		2012		2011
Revenue	$	6,600	$	6,078
Expenses		2,649		3,114
Gross profit		3,951		2,964
Finance costs		13		11
Profit before tax on discontuned operation		3,938		2,953
Taxes		682		938
Profit for the year from a discontinued operation		**3,256**		**2,015**

The net cash flows incurred with respect to Viking property are consistent with its results from operations.

Basic and diluted, profit per share for the year, from discontinued operations is $0.21 and $0.13, respectively.

23. Comparatives

Certain of the comparatives have been reclassified to conform with the current presentation.

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

The Corporation is a resource investment, financial, managerial and geological advisory entity which, as its principal business, invests in a diversified portfolio of shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. As at December 31, 2012, the Corporation has four reportable segments: Resource investment, extractive and geological advisory in Canada and brokerage services in the United Kingdom ("UK").

	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	**$ 31,426**	**$ 3,202**	**$ 69**	**$ 26,960**	**$ 61,657**
Continuing operations					
Revenues					
Geological and other consulting	-	14,667	433	-	15,100
Realized (losses) gains	(4,796)	-	-	(212)	(5,008)
Oil and gas sales	-	-	-	1,409	1,409
Unrealized losses	(9,080)	(57)	3	-	(9,134)
Equity loss on associate	(87)	-	-	-	(87)
Royalty income	-	-	-	69	69
Interest, rent and dividend income	66	331	-	171	568
	(13,897)	**14,941**	**436**	**1,437**	**2,917**
Expenses					
Amortization and depletion	25	90	-	753	868
Business and investor relations	550	96	-	108	754
Finance	2,630	6	1	943	3,580
Management fees	1,007	-	-	215	1,222
General and administration	269	740	415	879	2,303
Oil and gas operations	-	-	-	1,456	1,456
Professional fees	384	146	-	218	748
Project costs	-	10,502	78	551	11,131
Transaction costs	59	-	-	-	59
Wages and benefits	672	2,423	-	-	3,095
	5,596	**14,003**	**494**	**5,123**	**25,216**
Writedown - goodwill	-	-	-	1,249	1,249
Writedown - oil & gas properties	-	-	-	3,082	3,082
Income (loss) before income taxes	**(19,493)**	**938**	**(58)**	**(8,017)**	**(26,630)**
Current income tax	-	200	(10)	11	201
Deferred income tax	(2,762)	-	-	(750)	(3,512)
Net loss from continuing operations	**(16,731)**	**738**	**(48)**	**(7,278)**	**(23,319)**
Discontinued operations					
Profit from discontinued operations	-	-	-	3,256	3,256
Comprehensive (loss) income	**(16,731)**	**738**	**(48)**	**(4,022)**	**(20,063)**

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

As at December 31, 2011, the Corporation had four reportable segments: Resource investment, extractive and geological advisory in Canada and brokerage services in the United Kingdom ("UK").

	Resource Investment	Geological Advisory	UK Brokerage	Extractive Industries	Total
Total assets	**$ 50,687**	**$ 1,261**	**$ 799**	**$ 31,220**	**$ 83,967**
Continuing operations					
Revenues					
Geological and other consulting	-	3,764	198	-	3,962
Realized gains	6,157	-	-	-	6,157
Oil and gas sales		-	-	1,249	1,249
Unrealized losses	(13,539)	106	-	-	(13,433)
Royalty income	-	-	-	108	108
Interest, rent and dividend income	274	91	27	227	619
	(7,108)	**3,961**	**225**	**1,584**	**(1,338)**
Expenses					
Amortization and depletion	82	34	-	438	554
Business and investor relations	803	139	-	8	950
Finance	1,956	15	-	562	2,533
Management fees	1,157	-	-	5	1,162
General and administration	248	489	240	798	1,775
Oil and gas operations	-	-	-	516	516
Professional fees	519	175	-	571	1,265
Project costs	-	899	89	-	988
Share based compensation	611	-	-	515	1,126
Transaction costs	224	-	-	-	224
Wages and benefits	582	1,864	-	-	2,446
	6,182	**3,615**	**329**	**3,413**	**13,539**
Writedown -	-	-	-	717	717
Writedown - oil & gas properties	-	-	-	430	430
Income (loss) before income taxes	**(13,290)**	**346**	**(104)**	**(2,976)**	**(16,024)**
Current income tax	-	50	(25)	23	48
Deferred income tax	(3,098)	-	-	325	(2,773)
Net loss from continuing operations	**(10,192)**	**296**	**(79)**	**(3,324)**	**(13,299)**
Discontinued operations					
Profit from discontinued operations	-	-	-	2,015	2,015
Comprehensive (loss) income	**(10,192)**	**296**	**(79)**	**(1,309)**	**(11,284)**