Management's Discussion and Analysis

For the three and nine months ended September 30, 2016

Date of Report: November 23, 2016

Overview:

This Management's Discussion and Analysis of the financial condition and results of operation ("MD&A") of 49 North Resources Inc. (the "Corporation" or "49 North" "we" or "us") has been prepared based upon information available to the Corporation as at November 23, 2016 and should be read in conjunction with the interim financial statements and the notes thereto as at and for the period ended September 30, 2106 and the audited consolidated financial statements and the notes thereto as at and for the year ended December 31, 2015. All financial data in this MD&A is reported in Canadian dollars, is stated in thousands of dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS").

Caution Regarding Forward-Looking Information:

Certain information contained in this MD&A may constitute forward-looking information, which is information regarding possible events, conditions or results of operations of the Corporation that is based upon assumptions about future economic conditions and courses of action and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, without limitation, our expectations regarding anticipated investment activities and results and financing activities and other factors on our operating results, and the performance of global capital markets and interest rates.

Forward-looking information involves known and unknown risk, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Corporation believes the expectations reflected in the forward-looking information are reasonable but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: risks relating to investment performance and our ability to generate taxable income from operations, market fluctuations, fluctuations in prices of commodities underlying our interest and equity investments, the strength of the Canadian, U.S. and other economies, foreign exchange fluctuations, political and economic conditions in the countries in which the interests of the Corporation's portfolio investments are located, and other risks included elsewhere in this MD&A under the headings "Risks" and "Financial Instruments" and in other public disclosure documents filed with certain Canadian securities regulatory authorities and available under the Corporation's profile at www.sedar.com.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Corporation has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated, The Corporation undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, excepts as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business:

49 North Resources Inc. is a corporation under the laws of Saskatchewan whose common shares are listed on the TSX Venture Exchange ("TSXV") under the trading symbol "FNR". It is a reporting issuer in all of the provinces and territories of Canada.

49 North is a resource investment, financial and managerial advisory corporation which, as its principal business, invests in a diversified portfolio of common shares and other securities of resource issuers.

49 North's principal business is to acquire and aggressively manage a diversified portfolio of shares and other securities of resource companies including, without limitation, resource companies engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation in the portfolio. In addition, the Corporation is continuing to expand its business into a broader range of activities, including but not limited to an increased role in the management of larger positions (including, potentially, control positions) in selected resource issuers and/or becoming directly or indirectly (through one or more subsidiaries, joint ventures, farm-ins or other arrangements that may be established for that purpose) involved in the acquisition, development and/or commercialization of resource properties.

49 North provides managerial, administrative, property development and other advice and/or assistance to individuals and companies at the very early, start-up stages and/or in some cases acquires a controlling interest in certain investee companies, or direct interests in resource properties, all with a view to developing resource properties, creating the appropriate corporate vehicle for that development, raising exploration funds and, more generally, moving a resource property from a concept to a properly capitalized operating entity. The overall business strategy of the Corporation is to enhance shareholder value by positioning 49 North to take advantage of early stage and/or undervalued opportunities that exist in the resource sector.

Overall Performance:

The economic climate for the junior resource sector in the first nine months of 2016 began to show a reversal from the 5 year-downward trend in value that has plagued the resource markets. While remaining highly volatile and relatively illiquid, the TSXV recovered from the losses experienced in the first three weeks of January 2016 to close the third quarter at a level not seen since August of 2015. The TSXV closed the quarter at approximately 800, which represents a recovery of 71% off the lows of the quarter in January. The recovery in large part was lead by a significant increase in the market value of gold in general, along with some stability in other commodity prices, including oil. This move in commodity prices, gold specifically, lead to the completion of certain transactions in the market where senior producers once again reached down into the junior markets to acquire high quality companies and properties. This activity had been lagging for a number of years during the commodities route experience since Q2 of 2011, and represents a significant positive sign for the junior resource markets in general.

Given 49 North's business model of generating cash flow from actively trading in its investment portfolio, this reversal of fortunes in the TSXV was a welcome development and led to an appreciation in value in our portfolio in a material way. Liquidity continues to be relatively low, but appears to be improving, as well; there has been marked improvement in upside liquidity. Management believes that this moderate return to favor for risk investments represents the beginnings of a more formal market turn in the junior resource space. Management further believes that this reversal will not lead to a significant continued upward run on share values, but rather a cautious first step in that direction. While the upward trend is likely to continue in general, management does not believe it will be a straight line, and does expect small scale pull-backs in value along the way.

In the medium and longer term, basic supply and demand metrics underlying the investments that the Corporation holds will return and will begin to move share prices upward and increase liquidity in the junior resource space. As major active mining projects continue production, a need for reserves and resources in the ground will once again drive the exploration space upward in the long-term.

The Corporation realized net losses on the sale of equity investments in the nine month period of $1,776, as well as unrealized gains in the portfolio of $2,453. The unrealized gains are a function of two considerations, the first of which is the general upward trend on the TSXV discussed above. The second factor was a change in accounting policy incorporated in the first quarter, which no longer requires the Corporation to consolidate its former subsidiaries. As a result, the Corporation is showing its investment in these former subsidiaries at fair value for the first time. This change in accounting policy is discussed further in the significant events portion of this Management Discussion and Analysis.

The Corporation continues to aggressively manage the portfolio of investments, and continues to redeploy capital received from the realization of early stage investments in a number of new investments, in accordance with the business plan, with the goal of repeating this cycle. Management used the depressed markets experienced beginning in Q2 of 2011 to increase positions in promising companies and enter new companies that are well positioned for the next commodity up-cycle.

As at September 30, 2016 the fair value of the Corporation's investment portfolio was $11,678 as compared to $4,202 as at December 31, 2015 (a 178% increase) and shareholders' equity was $17,187 compared to shareholders' equity and non-controlling interest of $7,270 as at December 31, 2015. These significant changes are the result of changes in the market value of our portfolio of public and private company shares, the fair value recognition of previously consolidated subsidiaries due to change in accounting policy and the significant gain realized on the restructure of the debentures.

Despite any short-term volatility, 49 North remains committed to its investment strategy and long-term objectives. The Corporation believes that the cyclical nature of the junior resource public markets presents a substantial opportunity to generate gains in future periods. The Corporation will continue to be active buyers of quality resource properties and companies managed by qualified and experienced project developers, as we expect to see a continued upward trend in stock and commodity prices in the next 12 - 24 months as a result of increasing global demand for base and precious metals, energy, alternative energy, potash and industrial minerals.

The interim financial statements for the nine-months ended and as at September 30, 2016 and all of the financial information contained in the MD&A 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. Due to a history of operating losses and relative inactivity in the capital markets, the Corporation's continuance as a going concern is dependent upon its ability to generate positive cash flow from its portfolio of equity investments. Management is addressing the issue through continued portfolio trading.

Selected Financial Information:

Statement of Financial Position Information In $ 000's except for per share data	**September 30, 2016**	**December 31, 2015 ***	**December 31, 2014 ***
Equity investments, at fair value	$ 11,678	$ 4,202	$ 5,317
Total assets	22,576	23,814	24,832
Total Liabilities	5,389	16,544	25,550
Shareholders' equity (deficiency) and non- controlling interest	17,187	7,270	(718)
Earnings (loss) per share, basic	$ 0.01	$ 0.21	$ (0.73)
Earnings (loss) per share, diluted	$ 0.01	$ 0.21	$ (0.73)

* Consolidated with the financial results of former subsidiaries North Rim Exploration Ltd., Allstar Energy Limited, Gespeg Copper Resources Inc., Omineca Mining and Metals Ltd., and Vicarage Capital Limited.

Statement of Income (Loss) and Comprehensive Income (Loss) Information	**Three months ended September 30,**	
In $ 000's except per share data	**2016**	2015 *
Geological and other consulting services	**15**	4,513
Oil and gas sales	**-**	158
Net realized losses on windup of consolidated subsidiaries	**-**	-
Net realized portfolio investment gains (losses)	**(1,141)**	(213)
Net unrealized portfolio investment gains (losses)	**335**	(410)
Unrealized gains (losses) on embedded derivative assets	**(321)**	-
Interest, rent, dividend and royalty income	**207**	69
	$(905)	$4,117
Expenses	**(654)**	(5,355)
Loss on disposal of property, plant and equipment	**(3)**	-
Loss before income taxes	**(1,556)**	(1,238)
Deferred and current income taxes	**-**	68
Net income	**$(1,556)**	$(1,306)
Loss per share, basic	**$0.03**	$0.02
Loss per share, diluted	**$0.03**	$0.02

* Consolidated with the financial results of former subsidiaries North Rim Exploration Ltd., Allstar Energy Limited, Gespeg Copper Resources Ltd., Omineca Mining and Metals Ltd., and Vicarage Capital Ltd.

Significant Events:

Apart from the general economic factors and specific financial information mentioned above, the following events and developments occurred during and subsequent to the period ended September 30, 2016 that changed or affected the organizational structure, capitalization, operations and/or result of operations of 49 North.

➢ **Adoption of IFRS for investment entities and basis of preparation**

IFRS 10 "Consolidated Financial Statements" ("IFRS 10") provides an exception to the consolidation requirements for entities that meet the definition of an investment entity and requires such an entity to measure its investments in particular subsidiaries at fair value through profit or loss instead of consolidating those subsidiaries in its financial statements.

In accordance with IFRS 10, an investment entity is an entity that: (i) obtains funds from one or more investors for the purpose of providing them with investment management services, (ii) commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both, and (iii) measures and evaluates the performance of substantially all of its investments on a fair value basis. In addition, IFRS 10 clarifies that an investment entity may earn fee income from the provision of investment-related services to external parties.

The Corporation pursues business investment opportunities with the objective of growing shareholder value through capital appreciation in these investments and related income. The Corporation uses fair value as the key measure to monitor and evaluate the majority of its equity investments. The Corporation also earns, through wholly and partially-owned entities, advisory fees in connection with the investment activities. The provision of these advisory services does not constitute a significant business activity of the Corporation and the Corporation has assessed and concluded that the advisory fees do not represent a substantial source of revenues. As a result, the Corporation has determined that it qualifies as an investment entity under IFRS, and commenced reporting its financial results in accordance with IFRS applicable to investment entities, on a prospective basis, effective January 1, 2016.

Adopting the investment entity accounting rules in IFRS 10 had a significant impact on the Corporation's financial statements, and the Corporation recognized a gain on deconsolidation of formerly consolidated investees in the amount of $595 during the nine month period ended September 30, 2016. As a result, the Corporation no longer consolidates any of its investees.

All comparative figures in this MD&A and in the interim financial statements for the period ended September 30, 2016 reflect the results of the entity on a consolidated basis.

A full listing of all consolidated subsidiaries and joint operations in the comparative period, along with the ownership percentage at the end of the second quarter of 2016 is as follows:

		% of Equity	
Name of subsidiary	**Principal activities and country of incorporation**	**September 30, 2016**	**December 31, 2015**
Allstar Energy Limited.	Canadian incorporated oil and gas exploration Corporation	100%	100%
Omineca Mining and Metals Ltd.	Canadian incorporated gold exploration Corporation	61.7%	64.3%
Gespeg Copper Resources Inc.	Canadian incorporated copper exploration Corporation	33.2%	32.2%
Vicarage Capital Limited.	United Kingdom incorporated investment banking and consulting Corporation	50%	50%
North Rim Exploration Ltd.	Canadian incorporated geological consulting Corporation	0%	50%

➢ **<u>Private Placement</u>**

On June 3, 2016 the Corporation announced a non-brokered private placement financing of up to six million units at a price of $0.10 per unit for gross proceeds of up to $600,000. Each unit consists of one common share and on common share purchase warrant, with each warrant entitling the holder to purchase one common share for a period of 24 months from the closing date of the private placement at a price of $0.15 per share. On June 15, 2016, the Corporation completed an initial close on the full $600,000 and announced an increase in the size of the offering to $800,000.

On August 17, 2016 the Corporation announced an increase of the non-brokered private placement financing to ten million units at a price of $0.10 per unit for gross proceeds of up to $1,000,000, and closed the final tranche of $400,000. Each unit consists of one common share and on common share purchase warrant, with each warrant entitling the holder to purchase one common share for a period of 22 months from the closing date of the private placement at a price of $0.15 per share.

➢ **<u>Restructuring of Convertible Debentures Receivable:</u>**

On August 31, 2016 the Corporation restructure the terms of the debenture receivable from Omineca Mining and Metals Ltd. Pursuant to the terms of the restructure the conversion feature was amended such that the conversion price is $0.20 prior to October 1, 2017, $0.50 on or after October 1, 2017 but prior to October 1, 2018 and $0.75 on or after October 1, 2018 to maturity. In addition maturity was extended to October 1, 2021.

➢ **<u>Restructuring of Series B Convertible Debentures:</u>**

On May 26, 2015 the Corporation received debenture holder approval to exchange the principal amount of the Series B 9% convertible unsecured subordinated debentures for a combination of common shares, first preferred Series I shares and an interest in a new 2.5% senior secured convertible debenture (the "Senior Debenture". Both the Series I preferred shares and the Senior Debenture were created for the purposes of this transaction.

Under the terms of the restructuring, holders of the debenture received 150 common shares, 25 preferred shares and $25 principal amount of the Senior Debenture as full and final settlement of the amounts owed, including accrued interest.

The preferred shares have the following characteristics:

- Cumulative 2.5% dividends payable annually, in arrears, beginning on the first anniversary of the date of issuance;
- Non-voting;
- Convertible, at the holder's option, into common shares at a conversion price of $0.50 per common share;
- Issued at a price of $1 per share; and
- Redeemable by the Corporation at the issue price at any time after the third anniversary of issuance.

The Senior Debentures have the following characteristics:

- Principal amount of up to $5,000;
- 2.5% annual interest, paid annually on the anniversary date of issuance;
- Five year term;
- Convertible, at the holder's option, into common shares at a price of $0.50 per common share; and
- Secured by all present and after acquired personal property of the Corporation.

The restructuring was pursued so that the Corporation could rationalize its liabilities to an amount that can be serviced without putting undue hardship on the Corporation. The successful restructuring has essentially removed $9,000 of debt from the statement of financial position and reduced the interest and dividend obligation moving forward.

- **Restructuring of Series A Convertible Debentures:**

On December 18, 2015 the Corporation received debenture holder approval to exchange the principal amount of the Series A 9% convertible unsecured subordinated debentures for a combination of common shares, first preferred Series II shares, an interest in the Senior Debenture and, in certain cases, an interest in a new 2.5% subordinated secured convertible debenture. The Series II preferred shares and the new 2.5% subordinated secured convertible debenture were created for the purposes of this transaction.

Under the terms of the restructuring, holders of the debenture received 150 common shares, 25 preferred shares and $25 principal amount of the senior secured debenture as full and final settlement of the amounts owed, including accrued interest. Certain holders of the Series A debenture who held their investment in accounts that prohibit investment in equity securities such as the common shares and preferred shares, received a combination of senior secured debentures and the new 2.5% subordinated secured convertible debenture as full and final settlement of the amounts owed, including accrued interest. The characteristics of the preferred shares and Senior Debenture are described above.

The subordinated debentures have the following characteristics:

- Principal amount of up to $1,000;
- 2.5% annual interest, paid annually on the anniversary date of issuance;
- Five year term;
- Convertible, at the holder's option, into common shares at a price of $0.50 per common share; and
- Secured by all present and after acquired property of the Corporation, subordinate to the Senior Debenture.

The restructuring was pursued so that the Corporation could rationalize its liabilities to an amount that can be serviced without putting undue hardship on the Corporation. The successful restructuring has essentially removed $2,000 of debt from the statement of financial position and reduced the interest and dividend obligation moving forward.

- **Sale of Oil & Gas Properties to Westcore Energy Ltd.:**

On July 14, 2015 the Corporation announced that it has entered into a binding letter agreement with Westcore Energy Ltd. (“Westcore”), a related party, regarding the acquisition by Westcore of a 100% working interest in the oil and gas properties of the Corporation, as well as all the associated property and equipment for an aggregate purchase price of $3,000. The purchase price payable under the letter agreement will be paid via the issuance upon closing of an aggregate of 15,000,000 common shares of Westcore at a deemed price of $0.10 per share (after giving effect to a one-for-five consolidation of Westcore’s common shares), in addition to the delivery of a promissory note in the aggregate principal amount of $1,500. The promissory note bears interest at a rate of 5% per annum, maturing on the date that is two years for the date of issuance and repayable from the cash flows of operations. Upon repayment of all amounts outstanding under the promissory note, title to the associated property and equipment will be conveyed from Allstar and 49 North to Westcore. The transaction closed on May 26, 2016 and, as such, all operations are now contained within Westcore.

- **Acquisition of Oil and Gas Properties**

In the second quarter of fiscal 2015, the Corporation, through its subsidiary Allstar, acquired an additional heavy oil land near Flaxcombe, Saskatchewan in exchange for assuming the decommissioning liability associated with the field. The land package included three producing wells and associated equipment and infrastructure, as well as a number of standing wells that can be reinitiated as capital allows.

- **Sale of North Rim Exploration Ltd.:**

On April 1, 2015, the Corporation announced that it had sold its 50% interest in North Rim to a third party geological consultancy and engineering firm for cash. In consideration for its interests in North Rim, the Corporation received approximately $950 in two tranches. The first tranche was received on April 4, 2015, with the second and final payment received on September 1, 2016.

Results of Operations:

Summary of Results:

The Corporation’s operating results for the nine months ended September 30, 2016 and for the last two fiscal years ended December 31, is stated below; with the subsequent table representing selected quarterly results for the eight most recently completed quarters.

Results of Operations	**Period Ended**		
	September 30, 2016	**December 31, 2015 ***	**December 31, 2014 ***
In $000’s except per share data			
Revenues	$1,410	$11,737	$11,372
Net income (loss)	579	7,340	(16,405)
Earnings per share – basic	0.01	0.21	(0.73)
Earnings per share – diluted	0.01	0.21	(0.73)
Total assets	22,576	23,814	24,832
Total liabilities	5,389	16,544	25,550
Shareholders’ equity (deficiency) and non-controlling interest	17,187	7,270	(718)

Quarterly results of operations (unaudited)				
In $000's except per share data	**Three Months Ended**			
	Sept 30, 2016	**June 30, 2016**	**Mar. 31, 2016**	**Dec. 31, 2015 ***
Revenues	$(905)	$751	$1,675	$4,231
Net income (loss) for the period	(1,556)	241	1,895	4,747
Earnings (loss) per share	$(0.03)	$0.00	$0.04	$0.11
Earnings (loss) per share – diluted	$(0.03)	$0.00	$0.03	$0.11
	Sept 30, 2015 *	**June 30, 2015 ***	**Mar. 31, 2015 ***	**Dec. 31, 2014 ***
Revenues	$4,117	$2,208	$1,181	$1,286
Net income (loss) for the period	(1,306)	4,543	(644)	(13,001)
Earnings (loss) per share	$(0.02)	$0.14	$(0.01)	$(0.55)
Earnings (loss) per share – diluted	$(0.02)	$0.13	$(0.01)	$(0.55)

* Consolidated with the financial results of former subsidiaries North Rim Exploration Ltd., Allstar Energy Limited, Gespeg Copper Resources Ltd., Omineca Mining and Metals Ltd., and Vicarage Capital Ltd.

Three Months Ended September 30, 2016 and 2015:

For the three months ended September 30, 2016, the Corporation recorded a pre-tax and net loss of $1,556 ($0.03 per share loss), compared to a net loss of $1,238 and net loss after tax of $1,306 ($0.02 per share loss) for the three months ended September 30, 2015.

The Corporation's pre-tax loss in the third quarter of fiscal 2016 of $1,556 was based on revenues and net losses of $(905), less recorded expenses, capital losses of $657 compared to a 2015 pre-tax loss of $1,238 on revenues and gains of $4,117 and expenses of $5,355. The increase in pre-tax loss quarter over quarter is due primarily to net losses on equity investments.

The $(905) of revenues in the third quarter is comprised of $15 of consulting services, $1,141 of realized portfolio losses, $335 of unrealized gains, $321 loss on embedded derivative assets and $207 of interest and dividend income. By comparison, in the third quarter of 2015, the Corporation had realized investment losses of $213, unrealized losses of $410, consulting services revenue of $4,513, oil and gas sales of $158 and interest and dividend income of $69. The realized investment losses in the third quarter were attributable to both selling investments to fund operations, the strategy of consistently reviewing and monitoring the investments the Corporation holds in the portfolio. The $15 of consulting income is generated for providing managerial services for a third party company. The $335 of unrealized gains was attributable to the change in the fair value of the Corporation's investment portfolio.

Expenses for the quarter ended September 30, 2016 were $654, compared to $5,355 in the quarter ended September 30, 2015. The following table provides a list of all expenses incurred by the Corporation for the periods ended September 30 2016 and 2015. Additional information about these expenses including the main reasons for year over year changes in expenses is provided in the notes to the table.

	Quarter Ended September 30	
	2016	**2015 ***
Amortization and depletion[1]	4	18
Business development and investor relations[2]	30	94
Wages and benefits[2]	17	189
General and administration[2]	52	302
Project expenses[2]	-	3,926
Finance[3]	149	253
Management fees[4]	115	109
Oil and gas operating expense[5]	-	253
Professional fees[6]	62	206
Transaction costs[7]	18	5
Share based compensation	207	-
	$ 654	**$5,355**

Notes:

1. In the current period amortization is related to the amortization of the Corporation's leasehold improvements and capital assets at its corporate office. In the prior period amortization and depletion expense also includes the depletion of the oil and gas properties held by the Corporation, which were disposed of in 2016.

2. Business development and investor relations costs, wages and benefits, general and administration expenses, and project expenses totaled $99 in the third quarter of 2016 compared to $4,511 for the third quarter of 2015. The decrease relates primarily to the fact that the Corporation is no longer consolidating the results of its former subsidiaries.

3. Finance expense consists of interest and accretion on the debentures and royalties of $149 for the third quarter of 2016 compared to $253 in 2015. The majority of the finance expense relates to the corporations convertible debentures. As a result of the restructuring of the debentures in 2015 the finance expense has decreased significantly.

4. The management fees expense for the quarter ended September 30, 2016 was $115 compared to $109 in 2015.

5. In the quarter ended September 30, 2016, the Corporation incurred $Nil in oil and gas operating expenses related to its non-operated joint venture interests. In fiscal 2015 the oil and gas operating expenses were $253. The decrease reflects the fact that the Corporation had disposed of the non-operated joint venture interest.

6. Professional fees for the quarter ended September 30, 2016 were $62, a decrease of $144 over the third quarter of fiscal 2015. The decrease is attributable to both the number of and the timing of when the Corporation is involved in transactions requiring professional consulting services.

7. Transactions costs in the quarter ended September 30, 2016 were due to the trading activity. Transaction costs arise from purchases and dispositions of investments through brokers, which are expensed immediately in accordance with the Corporation's accounting policy for investments.

* Consolidated with the financial results of former subsidiaries North Rim Exploration Ltd., Allstar Energy Limited, Gespeg Copper Resources Ltd., Omineca Mining and Metals Ltd., and Vicarage Capital Ltd.

The Corporation also recorded an income tax in the quarter ended September 30, 2016 of $Nil compared to a income tax of $68 in the third quarter of 2015.

Cash Flow:

Nine Months Ended September 30, 2016 and 2015:

Net cash used in operating activities in the first nine months of 2016 was $3,181 compared to net cash used of $586 in the first nine months of 2015, an increase in cash used of $2,595. The change in cash used from the prior year relates primarily to the net income in the period, and the significant accounting policy change, which results in the removal of cash held by previously consolidated subsidiaries.

Net cash provided by investing activities in the first nine months of 2016 was $1,510 as compared to $658 in cash used in the first nine months of 2015, an increase in cash generated of $2,168.

Net cash provided by in financing activities was $972 compared to $637 cash generated in the first nine months of 2015, a increase in cash generated of $335.

For the nine month period ended September 30, 2016 the Corporation used $699 in net cash compared to $607 net cash used in the same period of 2015.

Capital Resources:

Assets:

49 North's principal business is to invest in and manage a diversified portfolio of securities of resource companies with the objective of achieving medium to long-term capital appreciation through the aggressive management of and growth in value of the portfolio. At September 30, 2016, the Corporation had total assets of $22,576, approximately 52% of which consisted of direct equity investments in a total of 74 resource companies.

In addition to its equity investments, as at September 30, 2016 the Corporation had other recorded assets totaling $10,898 (December 31, 2015 – $19,612). Of the other assets, $3,621 relates to loans receivable and $6,619 related to the convertible debenture receivable and the embedded derivative asset. The remaining assets are comprised of cash of $311, accounts receivable and prepaid expenses of $289 and property, plant and equipment of $58.

Investment Portfolio:

49 North may invest in securities of any resource corporation regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee corporation's exploration, development or other business activities, and regardless of the size or market capitalization of the investee corporation. However, our portfolio focuses on junior and intermediate resource companies, with funds invested predominately in resource companies that are listed on the TSXV or other junior exchanges; although a significant portion of the portfolio, by value, may also be invested in TSX listed companies. Additionally, a significant portion of our portfolio may at any time or from time to time be invested in unlisted securities, including securities acquired under private placements of what are commonly referred to "founder's shares" or "seed-capital shares", securities that may otherwise be issued by a resource corporation prior to completing feasibility studies including, without limitation, a Form 43-101 Technical Report or a Form 51-101 F1 Statement of Reserves Data, or securities that may otherwise may be issued prior to a resource corporation becoming a "reporting issuer".

There are no fixed restrictions or requirements as to the particular sectors of the resource industry in which we invest and no fixed restrictions or requirements as to the geographical locations in which investee resource companies conduct their exploration and/or development activities. However, the Corporation tends to focus on resource companies with activities in Canada and our portfolio has historically been weighted more to mineral exploration companies than to oil and gas companies. We endeavor to diversify the portfolio based on commodity type. As described in more detail in the tables below, as of September 30, 2016, our portfolio included holdings in companies in the oil and gas, coal, precious metals, base metals, uranium, diamonds and other resource sectors.

The resource equity investments held by the Corporation as of September 30, 2016 - valued at $11,678 represents a $7,476 increase compared to the equity investments of $4,202 as at December 31, 2015. The total number of investments held by the Corporation at September, 2016 has decreased to 74 from 87 at December 31, 2015. The primary reason for the significant increase in portfolio value relates to the adoption of IFRS 10 for investment entities discussed earlier in this Management Discussion and Analysis, as it includes the equity value of the formerly consolidated subsidiaries, of the total increase, $7,464 pertains to the change in accounting policy.

The Corporation continues to be active in the market acquiring shares of companies that it feels are being undervalued, specifically in this period where junior resource issuers have been continually de-valued for 5 years.

At September 30, 2016 and December 31, 2015 the Corporation's equity investments consisted of the following, grouped by resource type:

	September 30, 2016			December 31, 2015		
	Cost	**Fair Market Value**	**% of Portfolio**	**Cost**	**Fair Market Value**	**% of Portfolio**
Base and precious metals	17,464	6,848	58.7%	14,291	1,598	38.0%
Coal	1,981	-	0.0%	2,059	85	2.0%
Diamonds	1,265	1,125	9.6%	716	505	12.0%
Oil & Gas	12,902	1,931	16.5%	7,108	565	13.5%
Other	3,417	1,620	13.9%	2,852	1,334	31.8%
Uranium	334	154	1.3%	1,046	115	2.7%
Total	**$ 37,363**	**$ 11,678**	**100%**	**$ 28,072**	**$ 4,202**	**100%**

At September 30, 2016, 49 North's portfolio included positions in 74 resource companies, diversified on the basis of what, if any, stock exchange such companies are listed upon and by commodity type as summarized in the tables below (in '000's):

Exchange Listings of Portfolio Holdings						
	At September 30, 2016			**At December 31, 2015**		
Exchange	**No. of Companies**	**Value ($)**	**% of Portfolio**	**No. of Companies**	**Value ($)**	**% of Portfolio**
TSXV	43	8,783	75.22%	61	2,677	63.70%
Private	15	1,392	11.92%	13	697	16.59%
TSX	1	1,125	9.62%	1	505	12.02%
CNSX	3	378	3.24%	6	323	7.69%
Defunct/Delisted	12	-	-%	6	-	-%
TOTAL	**74**	**$11,678**	**100%**	**87**	**$4,202**	**100%**

Resource Properties:

49 North has interests, either directly or indirectly through its former subsidiary companies, in gold, coal, diamonds, copper, molybdenum, dimension stone, aggregate and oil and gas properties. The Corporation's investments in resource properties target undervalued, over-looked or orphaned assets with potential for growth through exploration, development and/or commercialization activities. Once an interest in a resource property is acquired, the Corporation endeavors to advance the project, which may include taking one or more of the following actions, or such other actions deemed appropriate in the circumstances:

- Management: A new management team comprised of capable individuals committed to the project may be assembled and installed respecting the particular resource property, with preference given to those who have experience or expertise in the relevant resource sector and who have demonstrated a track record of successfully exploiting junior resource opportunities. The Corporation, together with the management team, if any, will develop and implement strategies for exploring, developing, bringing into production and operating the resource property.

- Restructuring: Resource properties may be acquired and held indirectly through a subsidiary, or directly by the Corporation, in which case, the property may subsequently be transferred to a subsidiary or held by the Corporation. When necessary, a restructuring or reorganization will be implemented to put in place an appropriate business structure to properly capitalize and advance the project and/or prepare it for a liquidity transaction.

- Strategic Partners: Joint ventures, option agreements, farm-ins or other arrangements may be entered with parties that have the necessary capital available and the commitment to develop the resource property. The Corporation along with the management team for the resource property, if any, will evaluate and assess potential strategic partners and be responsible for selecting, negotiating and managing the joint venture, option agreement, farm-in or other arrangement respecting a resource property.

- Capitalization: The Corporation may provide short-term loans to, or make follow on investments in, a subsidiary corporation to ensure sufficient capital to fund exploration and development programs and otherwise advance the resource property. The Corporation may also provide financial assistance to a subsidiary corporation in the form of guarantees, letters of credit or such other means as may be available and appropriate in the circumstances. Equity offerings may be completed by a particular subsidiary under such terms and conditions deemed appropriate by the Corporation and, where applicable, the particular management team, in order to raise capital. The Corporation will use its expertise in, and knowledge of the junior resource sector to assist with the negotiation and consummation of any such debt financing facilities or equity offerings.

- Technical Advisors: The Corporation may engage one or more professional engineering, geoscience or other similar companies or persons to assist with the evaluation of resource properties and preparation of exploration and development programs. Technical advisors may also be retained to assist with the evaluation of potential joint ventures, option agreements, farm-ins or other arrangements, as well as potential liquidity transactions.

- Liquidity Transaction: The Corporation's interest in the resource property may be sold to a third party for cash or securities (such as listed securities, redeemable securities or other securities that provide liquidity to the Corporation) of the third party buyer, or a combination of cash and securities. Alternatively, the Corporation may seek a stock exchange listing whereby the subsidiary holding the resource property will directly list its securities (or the securities of another entity that acquires all or substantially all of the assets of the subsidiary) for trading on a public stock exchange.

While the Corporation's current focus is on early stage opportunities located in western Canada, there are no fixed restrictions on the stage of development, geographic location or sector of the resource industry respecting properties in which 49 North may invest. A significant portion of the Corporation's available funds may at any time or from time to time be invested in resource properties prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report or a Form 51-101F1 Statement of Reserves Data and Other Oil and Gas Information. Accordingly, the Corporation may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas. Despite the risks, the potential returns on investments in early stage properties that are subsequently proved up may be greater.

Valuation of Assets:

At September 30, 2016, the Corporation's assets included equity investments having a fair value of $11,678, representing approximately 52% of the Corporation's total assets. These equity investments are classified as financial instruments held-for-trading and, in accordance with IFRS, are presented in the financial statements and measured at fair value, with changes in fair value recognized in net income. For this purpose, the fair value of a financial instrument is the amount of consideration that would be agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair values are determined by reference to quoted bid or ask prices, as appropriate, in the most advantageous active market for that instrument to which the Corporation has immediate access. Where bid and ask prices are unavailable, the Corporation uses the closing price of the most recent transaction for that instrument. The fair value of securities in the Corporation's investment portfolio as at the end of a period are 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 quoted bid price value of securities that are subject to a hold period will be valued with an appropriate discount. The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Corporation could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

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

Options and Warrants. Options and warrants which are not traded on a recognized securities exchange, have no market value readily available. When there are sufficient and reliable observable market inputs, the warrants are valued using the Black-Scholes option pricing model. If no such market inputs are available or reliable, the warrants are valued at intrinsic value.

Liabilities:

At September 30, 2016 the Corporation had recorded liabilities of $5,389 (December 31, 2015, $16,544). These liabilities include the following:

- Accounts payable and accrued liabilities of $487 consisting of accruals for normal operating expenses, professional fees and interest payable on convertible debentures.

- $4,902 representing the redemption price (less the equity component) as at the end of the period on the aggregate principal amount of the convertible and subordinate debentures and the debt component of preferred shares issued in September 2010, June 29, 2011 and July 11, 2011 and restructured on June 10, 2013 and again on May 18, 2015 and December 18, 2015. Refer to Notes 9 and 10 of the current financial statements for a detailed description of the terms of these debentures. See discussion on convertible debentures in significant events section.

Subsequent Events:

There were no material events occurring subsequent to quarter-end and before the release of this MD&A.

Liquidity and Capital Management:

Management's objectives when managing the Corporation's capital are:

(a) ensure that the Corporation maintains the level of capital necessary to meet the requirements of its brokers and bank;

(b) allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;

(c) provide sustained growth and value by increasing equity; and

(d) maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

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

(a) realizing proceeds from the disposition of its investments;

(b) utilizing leverage in the form of margin (due from brokers);

(c) raising capital through equity financings;

(d) borrowing funds in the form of advances from related parties; and

The Corporation was subject to financial covenant calculations in conjunction with its former operating line of credit. Specifically, the Corporation was required to 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. During the year ended December 31, 2015, the Corporation requested cancellation of its operating line of credit.

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

49 North no longer uses margin borrowing as part of its ongoing capital management program. Management expects to maintain a minimal margin borrowing balance in the near term future. The cash and cash equivalents balance at September 30, 2016 was $311 compared to a consolidated cash balance of $1,010 at December 31, 2015.

See also the discussion herein concerning financial instruments and related risks under the heading "Financial Instruments" and see the disclosure herein under the heading "Risk Factors" for a detailed discussion of the main risk factors that may have a material effect on the Corporation's business and on an investment in the securities of 49 North.

Transactions with Related Parties:

TMM Portfolio Management Inc. ("TMM") is responsible for the management of the Corporation's investment portfolio in accordance with the terms of a portfolio management agreement made January 1, 2008 (the "Management Agreement") and is to be reimbursed by the Corporation for all expenses reasonably and properly incurred in conducting the Corporation's business and performing its duties and obligations under the Management Agreement.

Additionally, pursuant to the Management Agreement, TMM: (a) is entitled to a quarterly management fee equal to 0.5% of the net asset value of the Corporation calculated as of the last business day of the relevant fiscal quarter; and (b) starting with the Corporation's fiscal year ended December 31, 2008, may be entitled to an annual performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends per common share during that fiscal year, exceeds the greater of $16.34 and the net asset value per common share as of the last business day of the preceding fiscal year. Effective April 1, 2013, TMM agreed to temporarily fix the management fee at $10,000 per month until February 1, 2014, after which the fee was fixed at $17,000 per month plus Gst, on November 1, 2014 the fixed fee was increased to $20,000 per month plus Gst and will remain at this level until such time as management and the board of directors deem it appropriate to return to the original compensation plan as documented in the Management Agreement.

Effective June 1, 2015, the Company and Jaelky Holdings Inc. ("Jaelky") entered into a consulting agreement. Mr. Andrew Davidson, the Chief Financial Officer of the Company, was and continues to be the sole director and sole voting shareholder of Jaelky. Jaelky is entitled to be paid a consulting fee of $16 plus GST on a monthly basis.

As at September 30, 2016, $nil is payable (December 31, 2015 – $84 payable) to TMM, which has been included in accounts payable and accrued liabilities.

As of September 30, 2016, $nil is payable (December 31, 2015 - $93) to Jaelky, which has been included in accounts payable and accrued liabilities.

The Corporation paid $345 of salary and consulting fees (2015 - $236), $18 of directors fees (2015 - $nil) and share based compensation of $138 (2015 - $nil) to key executive personnel and directors, in the nine months ended September 30, 2016.

Critical Accounting Estimates:

The preparation of the consolidated 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;
- 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 share 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.
- As described in Note 8 of the current financial statements, when the terms of a convertible debentures are modified, it is often accounted for as a de-recognition of the carrying value of the pre-modified loan and the new recognition of a new loan at the then fair value. In the determination of fair value, the Corporation uses a discounted cash flow technique which includes inputs that are not based on observable market data and inputs that are derived from observable market data. In the case of its convertible debenture modifications, where available, the Corporation seeks comparable interest rates. If unavailable, it uses those considered appropriate for the risk profile of a corporation in the industry.

In the process of applying the Corporation's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the consolidated financial statements.

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.

Exploration and Evaluation Expenditures
The application of the Corporation's accounting policy for exploration and evaluation expenditure requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Financial Instruments and risk management:

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

Liquidity Risk:

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

The Corporation may use financial leverage (or "margin") when purchasing investments. Trading on margin allows the Corporation to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Corporation to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Corporation's positions and the Corporation's investments decline in value, the Corporation may be required to provide additional funds to its brokers.
Given the nature of the Corporation's business, the Corporation may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Corporation's obligations.

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

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 oil and gas, coal, precious metals, base metals, uranium, diamonds and other commodities.

Interest Rate Risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation’s earnings and liabilities. As at September 30, 2016 and 2015, the Corporation had no liabilities payable that bear interest at rates fluctuating with the prime rate.

Credit Risk:

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

The Corporation's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Corporation's customer base, including the default risk of the industry in which the customers operate, as these factors may have an influence on credit risk, particularly in the current economic circumstances. Geological and other consulting revenue consists of approximately 0% (2015 - 34%) of revenue attributable to sales transactions with a single customer.

At September 30, 2016 the Corporation had loans and advances receivable and accounts receivable and prepaid expenses from companies, totaling $3,910 (December 31, 2015 - $5,644) which represents approximately 17.3% (December 31, 2015 – 23.7%) of the Corporation’s total assets. As at September 30, 2016 an impairment loss of $nil (2015 – $nil) and an allowance for doubtful accounts provision of $nil (2015 – $nil) was recorded.

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 base metals, precious metals and 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 futures contracts. As at September 30, 2016 and 2015 all futures contracts have been disposed of.

Fair Value:

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

Fair value hierarchy and determination of fair value

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

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

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

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

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

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

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

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

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

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

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

The following is a summary of the fair value of investments segregated based on the various levels of inputs, as discussed in Note 16 of the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
Equity investments, at fair value	**$ 10,286**	**$ -**	**$ 1,392**	**$ 11,678**
Embeded derivative asset	**$ -**	**$ -**	**$ 1,593**	**$ 1,593**
	$ 10,286	**$ -**	**$ 2,985**	**$ 13,271**

For the period ended September 30, 2016, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance, as at December 31, 2015	$ 697
Deconsolidation adjustments	4,168
Reclassification to level 1	(2,834)
Purchases	12
Disposition	399
Fair value adjustments	543
Balance at June 30, 2016	2,985

Within Level 3, the Corporation includes private company investments and embedded derivative asset. The key assumptions driving the valuation of the private company equity investments include, but are not limited to, the value at which a recent financing was completed by the investee, significant changes in general market conditions and company specific information. For those investments valued based on general market condition and company specific information, these inputs can be highly judgmental. A +/- 25% change in the fair value of these investments will result in a corresponding +/- $746 (December 31, 2015 - $229) change to the total fair value of the investments. While this illustrates the overall effect of changing the values of the unobservable inputs by a set percentage, the significance of the impact and the range of reasonably possible alternative assumptions may differ significantly between investments, given their different circumstances.

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

Disclosure Controls and Procedures:

There have been no significant changes to the Corporation’s internal controls over financial reporting for the most recent period that would have materially affected, or are reasonably likely to materially affect, the Corporation’s internal controls over financial reporting. Internal controls are continually being reviewed and assessed.

Risk Factors:

An investment in 49 North involves various risks. The following is a brief discussion of the main risk factors that may have a material effect on our business and on your investment in our common shares. Additional risks not currently known to us or that we currently deem immaterial may also impair our business operations.

Reliance on Management:

Shareholders must rely on the discretion, knowledge and expertise of management of the Corporation and the Portfolio Manager in determining the composition of our investment portfolio, negotiating the pricing of resource securities purchased for or sold from the portfolio and in determining if, when and on what terms to acquire or dispose of portfolio securities.

Risks Associated with Resource Issuers:

In general, our business is to invest in resource issuers, with such investments made predominantly in junior or intermediate resource issuers. There is no assurance that any of the resource issuers in which we invest will prove to be profitable or viable over the short or long term. The resource industries are highly competitive and resource issuers in which we invest must compete with many companies, many of which have far greater financial strength, experience and technical resources. Generally, there is intense competition for the acquisition of resource properties considered to have commercial potential as well as for equipment and personnel necessary to exploit such properties. The business activities of the resource issuers that we invest in are typically speculative and may be adversely affected by sector specific risk factors, outside the control of the resource issuers, which may ultimately have an impact on our investments in such issuers' securities and/or on an investor's investment in 49 North.

Furthermore, as the Corporation holds some resource properties directly, the Corporation faces some of these risks directly as well as through its exposure from investments in issuers facing these risks. Other risks associated with the resource sector include, without limitation, the following:

(a) The business of exploring for minerals and/or oil and gas involves a high degree of risk, many of which risks are beyond the control of the relevant resource issuer. Many of the resource issuers that we invest in may not hold, discover or successfully exploit commercial quantities of minerals, petroleum or natural gas and/or may not have a history of earnings or payment of dividends.

(b) The marketability of natural resources which may be acquired or discovered by a resource issuer will be affected by numerous factors which are beyond the control of such resource issuer. These factors include market fluctuations in the price of minerals, petroleum and/or natural gas, as applicable, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of materials and environmental protection. The exact effect of these factors cannot be accurately predicted, but any one or a combination of these factors could result in a resource issuer not receiving an adequate return for its shareholders.

(c) There are certain risks inherent in the mineral exploration, mining and oil and gas industries, including potential claims arising from operational activities, which may or may not be insurable, or against which a resource issuer may elect not to insure. Such liabilities may have a material, adverse effect on such resource issuer's financial position and on the value of the securities of such resource issuer held as part of our investment portfolio.

(d) Mining and oil and gas operations and the resource industries in general are subject to extensive controls and regulations imposed by various levels of government. In addition to federal regulation, each province has legislation and regulations which govern land tenure, royalties, production rates, environmental protection and other matters. The royalty regime is a significant factor in the profitability of resource production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties are determined by government regulation and are generally calculated as a percentage of the value of the gross production, and the rate of royalties payable generally depends in part on prescribed reference prices, productivity, geographical location, discovery date and the type or quality of the commodity produced. Operations may be effected from time to time in varying degrees due to political and environmental developments such as tax increases, expropriation of property and changes in conditions under which resources may be developed, produced, generated and/or exported. Additionally, a resource issuer may have property interests that are located in foreign jurisdictions, and its operations in such jurisdictions may be affected in varying degrees by the extent of political and economic stability, and by changes in regulations or shifts in political or economic conditions that are beyond the control of the resource issuer. Such factors may adversely affect the resource issuer's business and/or its property holdings. Although a resource issuer's activities may be carried out in accordance with all applicable rules and regulations at any point in time, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner that could limit or curtail production or development of the resource issuer's operations. Amendments to current laws and regulations governing the operations of a resource issuer or more stringent enforcement of such laws and regulations could have a substantial adverse impact on the financial results of the resource issuer.

(e) The mineral exploration, mining and oil and gas industries are subject to various environmental regulations set by federal and provincial governments. Environmental legislation prescribes restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain mining and oil and natural gas operations. Such legislation also prescribes certain requirements for the abandonment and reclamation of mines, wells and other facility sites. A breach of such legislation may result in the imposition on a resource issuer of fines and penalties and/or liability to third parties and may require a resource issuer to incur costs to remedy such breach. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner which has led to stricter standards and enforcement and greater fines and penalties for non-compliance. No assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the resource issuer's financial condition, results of operations or prospects.

Marketability of Underlying Securities and Related Risks:

The value of our shares fluctuates as a result of numerous factors, including fluctuations resulting from changes in the value of the securities in our investment portfolio. The value of securities in our portfolio is affected by numerous factors such as investor demand, resale restrictions, general market trends or regulatory restrictions. Our investment portfolio generally focuses on junior and intermediate resource companies, with investments made predominantly in resource companies that are listed on the TSXV. However, we may invest in securities of any resource corporation regardless of if or on what stock exchange such securities are listed, regardless of the status or stage of development of the investee corporation's exploration, development or other business activities, and regardless of the size or market capitalization of the investee corporation. A significant portion of our portfolio may at any time be comprised of unlisted securities, including securities acquired under private placements of what are commonly referred to as "founders shares" or "seed-capital shares", securities that may otherwise be issued by a corporation prior to completing feasibility studies including, without limitation, a Form 43-101F1 Technical Report, or securities that may otherwise be issued prior to a resource corporation becoming a "reporting issuer". Investing in relatively smaller companies that are listed on a junior exchange (or are not listed) may be considered to be riskier than investing in securities of relatively larger companies whose securities are listed on a senior exchange such as the TSX. These risks include, without limitation, the following:

(a) The share price of smaller companies is usually more volatile than that of larger, more established companies. Smaller companies may have limited resources, including limited access to funds, and their shares may trade less frequently and in smaller volume than shares of larger companies. They may have fewer shares outstanding, so a sale or purchase of shares will have a greater impact on the share price. The value of these investments may rise and fall substantially.

(b) In general, investments in smaller companies tend to be less liquid than other types of investments. Investments in illiquid securities may be difficult to value accurately and/or may trade at prices significantly lower than their value. In general, the less liquid an investment, the more its market value tends to fluctuate. As a result, we may have difficulty in converting some of our portfolio investments to cash at a fair market price when funds are required or we may incur additional costs in doing so.

(c) The securities of non-reporting issuers that we hold may not be sold unless an exemption is available under applicable securities laws.

More generally, many of the securities held in our investment portfolio, regardless of the industry sector in which the issuer conducts business and including those listed and not subject to resale restrictions, may be relatively illiquid and may decline in price if a significant number of shares are offered for sale.

On the other hand, the potential returns on investment in smaller, relatively early stage companies may be greater than the returns experienced from investment in larger, more established companies.

Conflicts of Interest:

The officers and directors of 49 North have been, are or will be the officers and directors of the general partner of the 49 North Flow-Through Funds and TMM has been, is or will be the portfolio manager of the 49 North Flow-Through Funds. Mr. Tom MacNeill is a director and the President and Chief Executive Officer of the Issuer, and has been, is or will be the sole shareholder, a director and officer of each of the general partners of the 49 North Flow-Through Funds and TMM. Mr. Andrew Davidson is the Chief Financial Officer and Secretary of the Issuer, and has been, is or will be a director and officer of the general partner of the 49 North Flow-Through Funds and TMM. Potential conflicts of interest may arise or be perceived between Mr. MacNeill and Mr. Davidson acting on the one hand in their capacity as a director and officer of the Portfolio Manager and, on the other hand, as a director and officer of the Issuer, and potential conflicts of interest may arise or be perceived between the Issuer and other funds or entities of which the directors and officers of the Issuer may also be directors, officers, or otherwise involved in the management, including but not limited to other members and future members of the 49 North Group. Investors must appreciate that they are relying on the expertise, good faith and integrity of the officers and directors of the Issuer and the Portfolio Manager, and especially on the expertise, good faith and integrity of Mr. Tom MacNeill and Mr. Davidson, for the success of their investment in the securities of the Issuer. More generally, the services of the officers and directors of the Issuer and of TMM are not exclusive to the Issuer. The officers and directors of the Issuer and their affiliates may engage in activities for their own account which competes with the Issuer. Conflicts may arise from time to time in allocating investment opportunities, timing investment decisions and exercising rights in respect of and otherwise dealing with securities and issuers in which the Issuer and/or the officers and directors of the Issuer and/or their affiliates invest. Potential conflicts of interest may arise in the enforcement of the terms and conditions of agreement between the Issuer on the one hand and the Portfolio Manager (or other persons with whom one or more directors or officers of the Issuer may be associated) on the other hand, whether such agreements are being enforced by or against the Issuer.

Future Roll-over Transactions:

The Issuer has been involved in the establishment of new 49 North Flow-Through Funds, on an annual or more frequent basis, in each year from 2006 to 2012; and each of the 49 North Flow-Through Funds that has been established to date has subsequently completed a transaction (herein referred to as a "Roll-over Transaction") with 49 North pursuant to which the flow-through units acquired in the 49 North Flow-Through Fund's own offering were subsequently exchanged for securities of 49 North. We anticipate that new 49 North Flow-Through Funds may be established in the future and that we may enter into agreements to acquire the portfolios of such funds in a proposed Roll-over Transaction. Such agreements are typically subject to various conditions, including, without limitation, the receipt of all necessary regulatory approvals. Accordingly, there is no assurance that a proposed Roll-over Transaction with any particular 49 North Flow-Through Fund will be completed within the time frames contemplated by the relevant agreements, or at all. Further, depending on the methodology used to value the Issuer's shares and/or the assets of a new 49 North Flow-Through Fund, respectively, for the purpose of a proposed Roll-over Transaction; the size and timing of the new 49 North Flow-Through Fund's own offering and the length of time between such offering and the completion of a proposed Roll-over Transaction; the requirements of stock exchanges on which 49 North's shares may then be listed; and other factors which may not be known at this time and/or which may be outside of the control of management, the completion of any particular Roll-over Transaction may be dilutive to the persons who then hold shares of 49 North.

Concentration Risk:

The Corporation invests predominantly in securities of junior and intermediate resource companies engaged in mineral or oil and gas exploration in Canada. Concentrating investments in the resource sector in this manner may result in the value of 49 North's shares fluctuating to a greater degree than if the Corporation invested in a broader spectrum of issuers or a broader geographical area.

Reliance on Key Persons for Advisory Services:

The Corporation's performance providing advisory services in merchant banking and geological consulting is strongly correlated to the performance of certain key individuals, and, accordingly, the retention of these individuals is crucial to the Corporation's revenue from these business segments. Certain of the key individuals have entered into employment agreements or services agreements, however, there is no guarantee that these individuals will not resign or otherwise terminate their agreements.

Reduced Revenues from Advisory Services During Periods of Declining Resource Prices:

The Corporation's revenues from providing advisory services in merchant banking and geological consulting are likely to be lower during a period of declining natural resource markets and commodity prices. The Corporation's advisory services are particularly dependant on companies in the natural resource sector and as a result a prolonged period of declining natural resource prices could cause a reduction in fee revenue from advisory services.

Segmented Information:

The Corporation has four reportable segments – resource investing, geological advisory, brokerage and extractive industries.

Outstanding Share Data:

The Corporation is authorized to issue an unlimited number of common shares; an unlimited number of first preferred shares, issuable in series; and an unlimited number of second preferred shares, issuable in series. No series of second preferred shares has been created and, as at the date of this MD&A, no second preferred shares are outstanding. Two series of first preferred shares have been created, being the first preferred series 1 and series 2 shares.

As of the date of this MD&A, the number of securities of the Corporation outstanding is as follows:

Class and Series of Securities	**Number or Principal Amount**
Common Shares	58,739,626
2.5% Senior Secured Convertible Debentures, Series 1[1]	$2,941,129
2.5% Senior Secured Convertible Debentures, Series 2[2]	$1,835,732
2.5% Subordinated Secured Convertible Debentures[3]	$880,083
First Preferred Series 1 shares[4]	2,932,798
First Preferred Series 2 shares[5]	702,191
Warrants[6]	13,538,769
Options	5,090,000

Notes:

1. Convertible into 5,882,258 common shares. On June 1, 2015 the Corporation issued $3,103,795 principal amount of 2.5% senior secure convertible debenture, series 1. The outstanding principal amount of the 2.5% senior secure convertible debenture, series 1 are convertible at the option of the holder, exercisable at any time prior to 5:00 pm (Toronto time) on May 30, 2020 into common shares at a conversion price of $0.50 per common share.

2. Convertible into 3,671,464 common shares. On December 18, 2015 the Corporation issued $1,896,204 principal amount of 2.5% senior secure convertible debenture, series 2. The outstanding principal amount of the 2.5% senior secure convertible debenture, series 2 are convertible at the option of the holder, exercisable at any time prior to 5:00 pm (Toronto time) on December 17, 2020 into common shares at a conversion price of $0.50 per common share.

3. Convertible into 1,760,166 common shares. On December 18, 2015 the Corporation issued $880,083 principal amount of 2.5% subordinated secured convertible debentures. The outstanding principal amount of the 2.5% subordinated secured convertible debentures are convertible at the option of the holder, exercisable at any time prior to 5:00 pm (Toronto time) on December 17, 2020 into common shares at a conversion price of $0.50 per common share.

4. Convertible into 5,865,596 common shares. On June 1, 2015 the Corporation issued 3,103,795 first preferred series 1 shares. The first preferred series 1 shares are convertible, at the owner's option, into common shares at a conversion price of $0.50 per common share.

5. Convertible into 1,404,382 common shares. On December 18, 2015 the Corporation issued 767,663 first preferred series 2 shares. The first preferred series 2 shares are convertible, at the owner's option, into common shares at a conversion price of $0.50 per common share.

6. Exercisable into 13,538,769 common shares. On October 30, 2014 the Corporation issued 3,538,769 common share purchase warrants (the "Warrants"). Each Warrant entitles the holder thereof to acquire one Common Share at a price of $0.50 per share at any time from 9:00 a.m. (Saskatoon time) on October 29, 2015 until 5:00 p.m. (Saskatoon time) on October 29, 2017.

7. On a fully diluted basis, there are 95,952,261 common shares.

Additional Information:
Additional information about the Corporation's shares capital can be found in note 13 of the Notes to the Consolidated Financial Statements for the Years Ended December 31, 2015 and 2014, a copy of which may be found on SEDAR at www.sedar.com.