



Management's Discussion and Analysis

For the three months ended March 31, 2022

Date of Report: May 16, 2022

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 May 16, 2022 and should be read in conjunction with the condensed interim financial statements and the notes thereto as at and for the three months ended March 31, 2022 and the audited consolidated financial statements and notes thereto as at and for the year ended December 31, 2021. 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.

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 quarter of 2022 remained volatile and relatively illiquid. After reaching a three month high of 1,025 in the fourth quarter of 2021, the TSXV continued its decline into 2022 reaching a low of 802 before the end of January 2022. For the months following the TSXV traded between 800 and 892, and closed the first quarter of 2022 at 892. The volatility of the markets continued to be effected by commodity supply constraints, commodity price elevation, fears of an economic downturn, sustained consumption the war in Ukraine and the continued global financial response to COVID-19. The elevated commodity prices have continued to heighten attention of miners and explorers, sparking rumors of additional merger and acquisition transactions. With many commodities trading near all time highs, the Corporation was able to continue rotating from higher priced stocks to lower priced stocks that were still significantly undervalued.

Consistent with Managements beliefs, the upward trend previously experienced has pulled back and recovered. Management still believes that this moderate return to favor for risk investments represents the beginnings of a more formal market turn in the junior resource space.

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.

In the period, the Corporation realized net losses on the sale of equity investments of \$6, as well as unrealized losses in equity investments of \$1,570. The unrealized losses are a function of the volatility in the markets.

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.

As at March 31, 2022 the fair value of the Corporation’s investment portfolio was \$14,439 compared to \$15,906 as at December 31, 2021 (a 9% decrease) and shareholders’ equity was \$17,030 compared to shareholders’ equity of \$18,733 as at December 31, 2021. These changes are the result of changes in the market value of our portfolio of public and private company shares.

Despite 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 investors in quality resource 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.

Selected Financial Information:

Statement of Financial Position Information In \$ 000's except for per share data	March 31, 2022	December 31, 2021	December 31, 2020
Equity investments, at fair value	\$ 14,439	\$ 15,906	\$ 22,600
Total assets	24,894	26,463	31,793
Total liabilities	7,864	7,730	8,082
Shareholders' equity (deficiency) and non- controlling interest	17,030	18,733	23,711
Earnings (loss) per share, basic	\$ (0.01)	\$ (0.07)	\$ 0.19
Earnings (loss) per share, diluted	\$ (0.01)	\$ (0.07)	\$ 0.18

Statement of Income and Comprehensive Income Information In \$ 000's except per share data	Three months ended March 31,	
	2022	2021
Interest and dividend income	195	195
Realized gains (losses) on equity investments	(6)	132
Unrealized gains (losses) on equity investments	(1,570)	(6,630)
Unrealized loss on convertible debenture receivable	-	(59)
	\$(1,381)	\$(6,362)
Expenses	(624)	(292)
Income (loss) before income taxes	(2,005)	(6,654)
Deferred and current income taxes (recovery)	-	-
Net income (loss)	\$(2,005)	\$(6,654)
Earnings (loss) per share, basic	\$(0.01)	\$(0.08)
Earnings (loss) per share, diluted	\$(0.01)	\$(0.08)

Significant Events:

The Company received notification that it was in default of the Trust indenture dated May 27, 2015 as it had not repaid the principal portion of the convertible senior secured debentures that matured on June 1, 2020.

As outlined in the June 1, 2020 press release, the Company announced its intention to amend seek approval from the debenture holders to extend the maturity date three (3) years and to amend the conversion price from \$0.50 to \$0.20. At the meeting held on September 28, 2020, the minimum requisite quorum was not met and the meeting was adjourned to November 27, 2020. At the meeting held on November 27, 2020, the minimum requisite quorum was not met and the Company announced that it would revise the proposal.

On February 3, 2021, the Company announced its amended proposal and new meeting date set for March 22, 2021. The revised proposal seeks approval from the debenture holders to extend the maturity date three (3) years, to amend the conversion price from \$0.50 to \$0.15, and to include a new covenant whereby 50 per cent of the net proceeds from any financing it closes during the term will be used to redeem the principal of and interest on the debentures, on a pro rata basis. At the meeting, the amended proposal was rejected.

Events after the reporting period:

None

Off balance sheet arrangements:

None

Results of Operations:*Summary of Results:*

The Corporation's operating results for the three months ended March 31, 2022 and the years ended December 31, 2021, and 2020 is stated below; with the subsequent table representing selected quarterly results for the eight most recently completed quarters.

Results of Operations			
	March 31, 2022	December 31, 2021	December 31, 2020
In \$000's except per share data			
Revenues	\$(1,381)	\$(5,169)	\$17,859
Net income (loss)	(2,005)	(6,593)	16,032
Earnings (loss) per share – basic	(0.01)	(0.07)	0.19
Earnings (loss) per share – diluted	(0.01)	(0.07)	0.18
Total assets	24,894	26,463	31,793
Total liabilities	7,864	7,730	8,082
Shareholders' equity (deficiency) and non-controlling interest	17,030	18,733	23,711

Quarterly results of operations (unaudited)				
In \$000's except per share data	Three Months Ended			
	Mar 31, 2022	Dec 31, 2021	Sept 30, 2021	June 30, 2021
Revenues	\$(1,381)	\$1,663	\$(1,095)	\$625
Net income (loss) for the period	(2,005)	1,166	(1,349)	244
Earnings (loss) per share - basic	\$(0.01)	\$0.00	\$(0.02)	\$0.00
Earnings (loss) per share – diluted	\$(0.01)	\$0.00	\$(0.02)	\$0.00
	Mar 31, 2021	Dec 31, 2020	Sept 30, 2020	June 30, 2020
Revenues	\$(6,362)	\$(277)	\$(6,825)	\$21,849
Net income (loss) for the period	(6,654)	(745)	(7,242)	21,338
Earnings (loss) per share - basic	\$(0.07)	\$(0.01)	\$(0.09)	\$0.26
Earnings (loss) per share – diluted	\$(0.07)	\$(0.01)	\$(0.10)	\$0.26

	Three Months Ended March 31	
	2021	2021
Accretion ¹	6	8
Amortization and depletion ¹	14	14
Business development and investor relations ²	24	23
Wages and benefits ²	14	5
General and administration ²	75	22
Finance ³	21	56
Management fees ⁴	158	155
Professional fees ⁵	14	7
Transaction costs ⁶	1	2
Share-based compensation ⁷	297	-
	\$ 624	\$ 292

Notes:

1. In the current period accretion is related to the right of use asset being the corporate office lease and amortization is related to the amortization of the Corporation's leasehold improvements and capital assets at its corporate office.
2. Business development and investor relations costs, wages and benefits, general and administration expenses totaled \$44 in the first quarter of 2022 compared to \$50 in 2021. The decrease relates to a decrease in accretion as the right to use asset is exhausted.
3. Finance expense consists of interest and accretion on the debentures and royalties of \$21 in the first quarter of 2022 compared to \$56 in 2021.. The majority of the finance expense relates to the corporation's cumulative preferred shares. The decrease is the result of the debentures reaching their maturity, and the cessation of interest accruals and accretion.
4. The management fees expense for the first quarter of 2022 were \$158 compared to \$155 in 2021. The increase relates to fluctuation in the net assets of the corporation and the calculation of the management fee.
5. Professional fees for first quarter of 2022 were \$14, an increase of \$7 from the first quarter of 2021. The increase is attributable to both the number of and the timing of when the Corporation is involved in transactions requiring professional consulting services and the attempts to restructure the convertible debentures.
6. Transactions costs in first quarter of 2022 decreased due to level of investment transactions completed in the period. Transaction costs arise from purchases and dispositions of investments through brokerage accounts, which are expensed immediately in accordance with the Corporation's accounting policy for investments.
7. Share-based compensation increased in the first quarter of 2022 compared to the first quarter of 2021. This relates to the timing of when the Corporation issues share-based compensation.

The Corporation recorded \$nil income tax in the first quarter of 2022 and 2021.

Cash Flow:

Three Months Ended March 31, 2022 and 2021:

Net cash used in operating activities in the first quarter of 2022 was \$255 compared to net cash provided of \$29 in first quarter of 2021, an increase in cash used of \$284. The significant increase is the result of a higher general and administration expenses and net investment purchases in the first quarter of 2022.

Net cash used in investing activities in the first quarter of 2022 was \$20 compared to \$28 in the first quarter of 2021. The change is attributable to the Corporation temporarily advancing less funds to related parties.

Net cash provided by financing activities was \$nil in the first quarter of 2022 and 2021.

For the three months ended March 31, 2022 the Corporation used \$275 in net cash compared to generating \$1 in the same period of 2021.

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 March 31, 2022, the Corporation had total assets of \$24,894, approximately 58% of which consisted of direct equity investments in a total of 41 resource companies.

In addition to its equity investments, as at March 31, 2022 the Corporation had other recorded assets totaling \$10,455 (December 31, 2021 – \$10,557). Of the other assets, \$684 relates to loans and advances receivable and \$9,517 relates to the convertible debenture receivable. The remaining assets are comprised of cash of \$58, accounts receivable and prepaid expenses of \$44 and property and equipment of \$20 and right of use asset of \$132.

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, 2021, 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 March 31, 2022 - valued at \$14,439 represents a 1,467 decrease compared to the equity investments of \$15,906 as at December 31, 2021. The total number of investments held by the Corporation at March 31, 2022 decreased by 4 from December 31, 2021.

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

At March 31, 2022 and December 31, 2021, the Corporation's equity investments consisted of the following, grouped by resource type:

	March 31, 2022			December 31, 2021		
	Cost	Fair Market Value	% of Portfolio	Cost	Fair Market Value	% of Portfolio
Base and precious metals	10,661	9,743	67.5%	10,712	11,363	69.1%
Coal	281	-	0.0%	281	-	0.0%
Diamonds	1,053	1,404	9.7%	899	1,252	7.6%
Oil & Gas	10,850	1,292	9.0%	10,850	1,291	11.1%
Other	1,595	2,000	13.8%	1,595	2,000	12.2%
Total	\$ 24,440	\$ 14,439	100%	\$ 24,337	\$ 15,906	100%

At March 31, 2022, 49 North's portfolio included positions in 45 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						
Exchange	At March 31, 2022			At December 31, 2021		
	No. of Companies	Value (\$)	% of Portfolio	No. of Companies	Value (\$)	% of Portfolio
TSXV	21	10,870	75.28%	24	12,410	78.02%
Private	14	2,031	14.07%	14	2,031	12.77%
TSX	1	1,404	9.72%	1	1,252	7.87%
CSE	1	134	0.93%	2	213	1.34%
Defunct/Delisted	4	-	0.00%	4	-	0.00%
TOTAL	41	\$14,439	100%	42	\$15,906	100%

Valuation of Assets:

At March 31, 2022, the Corporation's assets included equity investments having a fair value of \$14,439, representing approximately 58% 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 March 31 2022 the Corporation had recorded liabilities of \$7,864 (December 31, 2021, \$7,730). These liabilities include the following:

- Accounts payable and accrued liabilities of \$1,563 consisting of accruals for normal operating expenses, professional fees and interest payable on convertible debentures.
- \$164 Lease liability related to the long term lease for the corporate office.
- \$6,137 representing the redemption price 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.

Liquidity and Capital Management:

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

- (a) To allow the Corporation to respond to changes in economic and/or marketplace conditions by maintaining the Corporation's ability to purchase new investments;
- (b) To provide sustained growth and value by increasing equity; and
- (c) To maintain a flexible capital structure which optimizes the cost of capital at acceptable levels of risk.

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

- (a) realizing proceeds from the disposition of its investments;
- (b) utilizing leverage in the form of margin (due from brokers);
- (c) raising capital through equity financings; and,
- (d) borrowing funds in the form of advances from related parties.

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 balance at March 31, 2022 was \$58 compared to a cash balance of \$333 at December 31, 2021.

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 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) 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 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 \$20 (2021 - \$20) plus GST on a monthly basis.

As at March 31, 2022, the Corporation has measured at \$1 its receivable (December 31, 2021 – \$nil receivable) from Westcore Energy Ltd., a company with common management and certain directors. At March 31, 2022 the Corporation wrote off the \$nil loan advanced (December 31, 2021 - \$54) in the period.

As at March 31, 2022, \$23 is receivable (December 31, 2021 – \$20) from Norse Gold Corp, a company with common management and certain directors, which has been included in loans and advances receivable. The balance is non interest bearing and due on demand.

As at March 31, 2022, \$58 is payable (December 31, 2021 – \$64 payable) to OMM, a company with common management and certain directors, which has been included in accounts payable and accrued liabilities. The balance is non interest bearing and due on demand.

As at March 31, 2022, \$32 is payable to (December 31, 2021 – \$32) Royal Helium Ltd, a company with common management and certain directors, which has been included in accounts payable and accrued liabilities. The balance is non interest bearing and due on demand.

As at March 31, 2022, \$315 is payable (December 31, 2021 – \$259 payable) to TMM, which has been included in accounts payable and accrued liabilities.

As of March 31, 2022, \$91 is payable (December 31, 2021 - \$68) to Jaelky, which has been included in accounts payable and accrued liabilities.

New and Adopted Accounting Pronouncements:

There are no standards, interpretations or amendments to existing standards that are not yet effective that are expected to have a material impact on the Corporation.

Critical Accounting Estimates:

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 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 determination of useful lives 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
- the fair value of the convertible debenture receivable is determined using 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. Where available, the Corporation seeks comparable interest rates and 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 financial statements.

- determination of deferred income tax assets or liabilities, which involves subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry-forwards; and
- valuation techniques for fair value determination of the convertible debenture receivable and investments in private entities.

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.

Concentration Risk:

Of the Corporation’s equity investments and convertible debenture receivable \$18,192 – 72.1% (2020 \$25,061 – 80.7%) are invested in OMM. 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.

Interest Rate Risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation’s earnings and liabilities. As at March 31, 2022 and 2021, 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.

At March 31, 2022 the Corporation had loans and advances receivable, and accounts receivable and prepaid expenses from companies, totaling \$728 (December 31, 2021 - \$728) which represents approximately 2.9% (December 31, 2021 – 2.7%) of the Corporation’s total assets. The Corporation’s credit provisions are represented by its loss allowance based on lifetime expected credit losses as at March 31, 2022 of \$nil (December 31, 2021 - \$54). The amount of the loss allowance was calculated based on historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. The Corporation is susceptible to commodity price risk associated with investments in the natural resource industry.

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 14 of the financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity investments, at fair value	\$ 12,408	\$ -	\$ 2,031	\$ 14,439
Convertible debenture receivable	-	-	9,517	9,517
	<u>\$ 12,408</u>	<u>\$ -</u>	<u>\$ 11,548</u>	<u>\$ 23,956</u>

For the period ended March 31, 2022, a reconciliation of financial assets measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 31, 2021	\$ 11,361
Interest accrued	187
Fair value adjustments	-
Balance at March 31, 2022	<u>\$ 11,548</u>

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 +/- \$507 (2021 - \$507) 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 fair value of the convertible note receivable, which is not traded in an active market, is determined by discounting the stream of future interest and principal repayments at the rate of interest prevailing at the statement of financial position date for instruments of similar term and risk, and adding this value to the value of the convertibility feature which is estimated using a Black-Scholes model based on assumptions including risk free interest rate, expected dividend yield, expected volatility and expected remaining life of the convertible note receivable.

Management estimates that the market interest rate on similar borrowing without the conversion feature was approximately 12% and has used an implied volatility of 128% in valuing the convertibility feature. Holding all other variables constant, a fluctuation in interest rates of 1% would have impacted the valuation by approximately \$367 while a fluctuation in the implied volatility use of 25% would have impacted the valuation by approximately \$348.

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

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 affected 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.

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 dependent 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 three reportable segments – resource investing, 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	166,271,110
2.5% Senior Secured Convertible Debentures, Series 1 ¹	\$2,738,523
2.5% Senior Secured Convertible Debentures, Series 2 ²	\$1,819,537
2.5% Subordinated Secured Convertible Debentures ³	\$880,083
First Preferred Series 1 shares ⁴	2,662,311
First Preferred Series 2 shares ⁵	674,781
Warrants	83,119,155
Options	14,250,000
Notes:	
1. Convertible into 5,477,046 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 3,639,074 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 5,324,622 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 1,376,632 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. On a fully diluted basis, there are 281,217,805 common shares.

Additional Information:

Additional information about the Corporation's shares capital can be found in note 12 of the Notes to the Financial Statements for the Three months ended March 31, 2022 and Years Ended December 31, 2021 and 2020, a copy of which may be found on SEDAR at www.sedar.com.