



CONDENSED INTERIM FINANCIAL STATEMENTS

March 31, 2024

(Unaudited - Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the condensed interim financial statements for the period ended March 31, 2024.

The accompanying unaudited condensed interim financial statements have been prepared by management.

49 North Resources Inc.
Interim Statements of Financial Position
(in thousands of Canadian dollars)

As at,	March 31, 2024	December 31, 2023
ASSETS		
Current assets		
Cash	\$ 252	\$ 64
Equity investments, at fair value (Note 3)	7,247	6,224
Accounts receivable and prepaid expenses (Note 4)	57	55
Loans and advances receivable (Note 4)	887	850
	8,443	7,193
Non-current assets		
Convertible debenture receivable (Note 5)	9,899	9,579
Property and equipment (Note 6)	12	12
Right of use asset (Note 7)	33	45
Total assets	\$ 18,387	\$ 16,829
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	\$ 2,854	\$ 2,602
Lease liability (Note 7)	48	65
Convertible debentures (Note 9)	4,561	4,561
Subordinate debentures (Note 10)	880	880
	8,343	8,108
Non-current liabilities		
Debt portion of preferred shares (Note 12)	696	696
Total liabilities	9,039	8,804
EQUITY		
Common shares (Note 12)	71,912	71,912
Preferred shares (Note 12)	2,642	2,642
Contributed surplus (Note 12)	8,220	8,220
Deficit	(73,426)	(74,749)
Total equity	9,348	8,025
Total liabilities and equity	\$ 18,387	\$ 16,829

Nature of business and going concern (Note 1)

Approved on behalf of the Board

“Tom MacNeill”
Director

“Andrew Cook”
Director

The accompanying notes are an integral part of these condensed interim financial statements

49 North Resources Inc.**Interim Statements of Income (Loss) and Comprehensive Income (Loss)**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31,	2024	2023
Revenues		
Interest and dividend income	\$ 219	\$ 209
Realized losses on equity investments	(30)	(17)
Unrealized gains on equity investments	1,070	246
Unrealized gain (loss) on convertible debenture receivable (Note 5)	309	(316)
	1,568	122
Expenses		
Accretion (Note 7)	2	5
Amortization (Note 6 and 7)	13	13
Business and investor relations	24	15
Finance	22	22
General and administration	44	47
Management fees (Note 8)	116	122
Professional fees	12	14
Transaction costs	-	1
Wages and benefits	12	12
	245	251
Income (Loss) and comprehensive income (loss) for the period	\$ 1,323	\$ (129)
Basic income (loss) per share (Note 12)	\$ 0.01	\$ -
Diluted income (loss) per share (Note 12)	\$ 0.01	\$ -
Weighted average number of common shares outstanding - basic	166,271,110	166,271,110
Weighted average number of common shares outstanding - diluted	166,271,110	166,271,110

The accompanying notes are an integral part of these condensed interim financial statements

49 North Resources Inc.
Interim Statements of Changes in Equity
(in thousands of Canadian dollars)

	Common Share Capital	Preferred Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, January 1, 2023	\$ 71,912	\$ 2,642	\$ 8,220	\$ (71,931)	\$ 10,843
Loss	-	-	-	(129)	(129)
Balance, March 31, 2023	\$ 71,912	\$ 2,642	\$ 8,220	\$ (72,060)	\$ 10,714

	Common Share Capital	Preferred Share Capital	Contributed Surplus	Deficit	Total Equity
Balance, January 1, 2024	\$ 71,912	\$ 2,642	\$ 8,220	\$ (74,749)	\$ 8,025
Income	-	-	-	1,323	1,323
Balance, March 31, 2024	\$ 71,912	\$ 2,642	\$ 8,220	\$ (73,426)	\$ 9,348

The accompanying notes are an integral part of these condensed interim financial statements

49 North Resources Inc.
Interim Statements of Cash Flows
(in thousands of Canadian dollars)

For the three months ended March 31,	2024	2023
Cash flows from Operating Activities		
Net income (loss) and comprehensive income (loss)	\$ 1,323	\$ (129)
Items not affecting cash		
Realized losses on equity investments	31	17
Amortization	13	13
Accretion of lease liability	2	5
Accrued dividends	21	20
Accrued interest income	(219)	(209)
Unrealized gain on equity investments	(1,070)	(246)
Unrealized (gain) loss on convertible debenture receivable	(309)	316
Proceeds from disposal of equity investments	16	98
Net changes in non-cash working capital items related to operations (Note 15)	228	171
	36	56
Cash flows from Investing Activities		
Lease payments	(19)	(19)
Convertible debenture receivable	-	-
Loans and advances receivable, net	171	(1)
	152	(20)
Cash flows from Financing Activities		
Rights offering - units	-	-
Share issue costs	-	-
	-	-
Net change in cash during the period	188	36
Cash, beginning of period	64	45
Cash, end of period	\$ 252	\$ 81

The accompanying notes are an integral part of these financial statements

49 North Resources Inc.

Notes to the Interim Financial Statements

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

1. Nature of business and Going Concern

Nature of business

49 North Resources Inc. (the "Corporation") is a resource investment, financial, and managerial advisory company which, as its principal business, invests in a diversified portfolio of common shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio. On January 1, 2016 the Corporation completed a change of business to an "investment issuer".

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

Going concern

These financial statements have been prepared on a going concern basis, which assumes the Corporation will be able to realize its assets and discharge its liabilities in the ordinary course of business. To date, the Corporation has incurred accumulated losses totaling \$73,426 (December 31, 2023 - \$74,749). The Corporation recognized net income of \$1,323 in the current period (Fiscal 2023 – \$2,818). The Corporation relies on cash flow from actively trading in its investment portfolio to fund corporate operations. The Corporation's continuance as a going concern is dependent upon its ability to generate cash flow from its portfolio of investments. The inability of the Corporation to access sufficient capital for its operations could have a material adverse effect on its financial condition or results of operations. These conditions create a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not reflect any adjustments or other changes that may be required should the Corporation be unable to continue as a going concern.

2. Basis of presentation

Statement of compliance

These financial statements have been prepared in conformity with International Accounting Standard ("IAS") 34, Interim Financial Reporting, and do not include all the information required for full annual financial statements in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). It is suggested that these financial statements be read in conjunction with the annual audited consolidated financial statements for the year ended December 31, 2023.

The financial statements of the Corporation for the three month period ended March 31, 2024 were authorized for issuance by the Corporation's board of directors on May 30, 2023.

Basis of measurement and presentation

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

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

3. Equity investments

As at March 31, 2024 and December 31, 2023, the Corporation's investments consist of equity interests in companies in the following segments:

	March 31, 2024		December 31, 2023	
	Cost	FMV	Cost	FMV
Publicly listed companies	\$ 15,808	\$ 5,516	\$ 15,855	\$ 4,493
Private companies	8,187	1,731	8,187	1,731
	\$ 23,995	\$ 7,247	\$ 24,042	\$ 6,224

As at March 31, 2024 and December 31, 2023, the Corporation's investments consist of equity interests in companies in the following industries:

	March 31, 2024		December 31, 2023	
	Cost	FMV	Cost	FMV
Base and Precious Metals	\$ 10,437	\$ 4,839	\$ 10,437	\$ 3,763
Coal	281	-	281	-
Diamonds	924	346	971	309
Oil & Gas	10,758	362	10,758	452
Other	1,595	1,700	1,595	1,700
	\$ 23,995	\$ 7,247	\$ 24,042	\$ 6,224

The equity investments consist of investments in common shares of corporations of which 71.34% (December 31, 2023 – 67.23%) are listed on the TSX-V, 23.89% (December 31, 2023 – 27.81%) are private, and 4.77% (December 31, 2023 – 4.96%) are listed on the TSX as of March 31, 2024.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

4. Loans, advances, accounts receivable and prepaid expensesAccounts receivable and prepaid expenses

	March 31, 2024	December 31, 2023
Trade accounts receivable	\$ 54	\$ 51
Prepaid expenses	3	4
	\$ 57	\$ 55

The aging of accounts receivables at the reporting date was:

	March 31, 2024	December 31, 2023
Not past due	\$ 3	\$ 4
Past due 0 - 30 days	-	3
Past due 31+ days	51	44
	\$ 54	\$ 51

Loans and advances receivable

	March 31, 2024	December 31, 2023
<u>Current</u>		
Unrelated corporations	\$ 705	\$ 699
Related corporation (Note 9)	182	151
	\$ 887	\$ 850

Substantially all of the balance of the loans to unrelated corporations bears interest at 5% and is due December 31, 2024. The loans to related corporations are non-interest bearing and are due on demand.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

5. Convertible debentures receivable

The Corporation has a convertible debenture receivable from Omineca Mining and Metals Ltd. ("OMM"), a related party. The face value of the debenture is \$5,400 and the debenture bears interest at 8% per annum, is secured by current and future property rights, and may be converted into common shares of OMM at a conversion price of \$0.75 per common share. Under provisions of the debenture, as commercial production had not been achieved by OMM for an aggregate period of 24 months prior to October 1, 2021, the debenture automatically renewed for an additional term of 5 years and matures October 1, 2026.

Convertible Debenture Receivable	Face Value and Accrued Interest	Carrying Value
Balance, January 1, 2023	\$ 10,004	\$ 9,517
Interest income accrued	823	823
Payments received	(355)	(355)
Fair value adjustments	-	(406)
Balance, December 31, 2023	\$ 10,472	\$ 9,579
Interest income accrued	211	211
Payments received	(200)	(200)
Fair value adjustments	-	309
Balance, March 31, 2024	\$ 10,483	\$ 9,899

6. Property and equipment

	Computers, Furniture and leasehold improvements
Cost:	
Balance at January 1, 2023	\$ 417
Additions	-
Balance at December 31, 2023	417
Additions	-
Balance at March 31, 2024	\$ 417
Accumulated amortization:	
Balance at January 1, 2023	\$ 401
Amortization expense	4
Balance at December 31, 2023	405
Amortization expense	-
Balance at March 31, 2024	\$ 405
Total balance at December 31, 2023	\$ 12
Total balance at March 31, 2024	\$ 12

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

7. Right of use asset

The Corporation has a lease agreement for the headquarter office space in Saskatoon, Saskatchewan.

The continuity of the of the right of use asset (“ROU”) and lease liability for the period ended March 31, 2024 and year ended December 31, 2023 is as follows:

Right of use asset	
Value of ROU as at January 1, 2023	\$ 95
Amortization	(50)
Value of ROU as at December 31, 2023	45
Amortization	(12)
Value of ROU as at March 31, 2024	\$ 33
Lease liability	
Lease liability as at January 1, 2023	\$ 126
Lease payments	(76)
Lease accretion	15
Lease liability as at December 31, 2023	65
Lease payments	(19)
Lease accretion	2
Lease liability as of March 31, 2024	\$ 48
Current portion	\$ 48
Long-term portion	-
	\$ 48

8. Related party transactionsCompensation of key executive personnel

For the three months ended March 31,	2024		2023	
Management fees to officers	\$	116	\$	122
Directors' fees		6		6
Share-based compensation to directors and officers		-		-
	\$	122	\$	128

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.

49 North Resources Inc.

Notes to the Interim Financial Statements

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

8. Related party transactions - continued

Effective June 1, 2015, the Corporation and Jaelky Holdings Inc. (“Jaelky”) entered into a consulting agreement. Mr. Andrew Davidson, the Chief Financial Officer of the Corporation, 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 (December 31, 2023 - \$20) plus GST on a monthly basis.

Related party balances

During the period ended March 31, 2024, the Corporation advanced \$nil (December 31, 2023 – advanced \$6) to Westcore Energy Ltd., a company with common management and certain directors. As at March 31, 2024, \$6 is receivable (December 31, 2023 – \$6 receivable) and is included in loans and advances receivable. The balance is non interest bearing and due on demand.

During the period ended March 31, 2024, the Corporation advanced \$nil (December 31, 2023 – \$50), to Norse Gold Corp, a company with common management and certain directors. As at March 31, 2024, \$96 is receivable (December 31, 2023 – \$96 receivable) and is included in loans and advances receivable. The balance is non interest bearing and due on demand.

During the period ended March 31, 2024, the Corporation advanced \$18 (December 31, 2023 –\$60 advanced), to OMM, a company with common management and certain directors. As at March 31, 2024, \$40 is receivable (December 31, 2023 – \$22 payable) and is included in loans and advances receivable. The balance is non interest bearing and due on demand.

During the period ended March 31, 2024, the Corporation advanced \$13 (December 31, 2023 –\$50 advance), to Royal Helium Ltd, a company with common executive and director. As at March 31, 2024, \$40 is receivable (December 31, 2023 – \$27) and is included in loans and advances receivable. The balance is non interest bearing and due on demand.

As at March 31, 2024, \$646 is payable (December 31, 2023 – \$604) to TMM, which has been included in accounts payable and accrued liabilities.

As of March 31, 2024, \$500 is payable (December 31, 2023 - \$437) to Jaelky, which has been included in accounts payable and accrued liabilities.

9. Convertible debentures

- a) On May 26, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on June 29, 2011 and July 11, 2011 and restructured on June 6, 2013. Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 18,622,722 common shares, a new \$3,104 senior secured convertible debenture (the “Series I debentures”) and 3,103,795 preferred shares (Series I), with a cumulative annual dividend rate of 2.5%.

The Series I debentures had a 5 year term, matured June 29, 2020, and bore interest from the date of issuance at 2.5% per annum which was paid on June 29 of each of 2016, 2017, 2018, 2019 and 2020.

The Series I debentures are convertible, at the option of the respective holders, into fully paid, non-assessable common shares of the Corporation at a conversion price of \$0.50 per common share.

The Corporation received notification that it was in default of the Trust indenture as it had not repaid the principal portion of the convertible senior secured debentures that matured on June 29, 2020.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

10. Convertible debentures - continued

- b) On December 18, 2015 the Corporation received debenture holder approval to restructure the terms of the debentures originally issued on September 23, 2010 and October 13, 2010 and restructured on June 6, 2013. Pursuant to the terms of the restructure, the Corporation extinguished the original debentures and issued 4,605,979 common shares, a new \$1,896 senior secured convertible debenture (the "Series II debentures"), \$880 in subordinated debentures (Note 11) and 767,663 preferred shares (Series II).

The Series II debentures had a 5 year term, matured December 18, 2020, and bore interest from the date of issuance at 2.5% per annum which was paid on December 18 of each of 2016, 2017, 2018, 2019 and 2020.

The Corporation received notification that it was in default of the Trust indenture agreement as it had not repaid the principal portion of the Series II debentures that matured on December 18, 2020.

Since the maturity dates of the Series I and II debentures, the Corporation has sought, but has been unable to obtain, approval from the debenture holders to restructure the debentures. Negotiations are on-going.

The continuity of the liability and equity components for the period ended March 31, 2024 and the year ended December 31, 2023 is as follows:

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, January 1, 2023	4,569	4,569	-
Conversions	(8)	(8)	-
Balance, December 31, 2023 and March 31, 2024	\$ 4,561	\$ 4,561	\$ -

11. Subordinate debentures

On December 18, 2015 as part of the debenture restructure as described in Note 10(b), \$880 in subordinated debentures were issued.

The subordinated debentures had a 5 year term, matured December 18, 2020, and bore interest from the date of issuance at 2.5% per annum which was paid on December 18 of each of 2016, 2017, 2018, 2019 and 2020.

The debentures are convertible, at the option of the respective holders into fully paid, non-assessable common shares of the Corporation at a conversion price of \$0.50 per common share.

The Corporation is in breach of the terms of the subordinate debentures as it has not repaid the principal portion of the subordinate debentures that matured on December 18, 2020.

Since the maturity date, the Corporation has sought, but has been unable to obtain, approval from the debenture holders to restructure the subordinate debentures. Negotiations are on-going.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

11. Subordinate debentures - continued

The continuity of the liability and equity components of the subordinate debentures for the period ended March 31, 2024 and the year ended December 31, 2023 is as follows:

	Liability Component		Equity Component
	Face Value	Carrying Value	Carrying Value
Balance, January 1, 2023	880	880	-
Accretion	-	-	-
Balance, December 31, 2023 and March 31, 2024	\$ 880	\$ 880	\$ -

12. Common shares, preferred shares and contributed surplusAuthorized:

An unlimited number of voting common shares without par value, an unlimited number of non-voting first preferred shares (Series I) with a redemption value of \$1, and an unlimited number of non-voting first preferred shares (Series II) with a redemption value of \$1. All shares are fully paid.

Issued and outstanding

	Common shares	
	Quantity	Amount
Balance at December 31, 2022 and 2023 and March 31, 2024	166,271,110	\$ 71,912

The first preferred shares are convertible at the option of the holder into common shares at a conversion price of \$0.50 per common share and were valued at issuance at \$1.00 per preferred share. The preferred shares bear a cash dividend at the rate of 2.5% payable annually in arrears. The following table summarizes the components.

	Preferred shares		
	Liability Component	Equity Component	
		Quantity	Amount
Balance at December 31, 2022 and 2023 and March 31, 2024	\$	696	3,337,092 \$ 2,642

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

12. Common shares, preferred shares and contributed surplus – continued**Stock option plan**

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

A summary of the status of the outstanding and exercisable stock options during the year is presented below:

	March 31, 2024		December 31, 2023	
	Options	Price	Options	Price
Beginning of period	13,425,000	\$ 0.08	14,250,000	\$ 0.08
Options granted	-	-	-	-
Options expired	(75,000)	0.50	(825,000)	0.30
End of period	13,350,000	\$ 0.06	13,425,000	\$ 0.06

As at March 31, 2024, the weighted average remaining life of stock options is 5.80 years (December 31, 2023 – 6.01 years).

Warrants

A summary of the outstanding and exercisable warrants during the year is presented below:

	March 31, 2024		December 31, 2023	
	Warrants	Price	Warrants	Price
Beginning of period	-	\$ 0.07	83,119,155	\$ 0.07
Warrants expired	-	-	(83,119,155)	0.07
End of period	-	\$ -	-	\$ -

EPS and diluted EPS

All out-of-the-money stock options, warrants and preferred shares were excluded from the diluted weighted average number of shares calculation for the period ended March 31, 2024 and 2023 as their effect would have been anti-dilutive.

Shareholder rights plan

The directors of the Corporation have approved a shareholder rights plan (“Rights Plan”). In the event a bid to acquire control of the Corporation is made, the Rights Plan is designed to give the directors of the Corporation time to consider alternatives to allow shareholders to receive full and fair value for their shares. In the event that a bid, other than a permitted bid, is made, shareholders become entitled to exercise rights to acquire common shares of the Corporation at a significant discount to the market price.

49 North Resources Inc.

Notes to the Interim Financial Statements

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

13. Capital management

The Corporation defines capital as shareholders' equity.

The Corporation's objectives when managing 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 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.

14. Financial instruments and risk management

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

a) Liquidity risk:

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

The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments.

The Corporation 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.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

14. Financial instruments and risk management – continued

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.

The following table summarizes the contractual maturities of the Corporation's financial liabilities at March 31, 2024:

	Contractual cash flows	Less than one year	Greater than one year
Trade payables and accrued liabilities	\$ 2,854	\$ 2,854	-
Lease liabilities	48	48	-
Convertible debentures	4,561	4,561	-
Subordinate debentures	880	880	-
Debt portion of preferred shares	696	-	696
	\$ 9,039	\$ 8,343	696

a) 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.

b) Concentration risk:

Of the Corporation's equity investments and convertible debenture receivable \$13,758 – 74.8% (December 31, 2023 \$12,303 – 73.1%) 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.

c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at March 31, 2024 and December 31, 2023, the Corporation had no liabilities payable that bear interest at rates fluctuating with the prime rate.

49 North Resources Inc.

Notes to the Interim Financial Statements

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

14. Financial instruments and risk management – continued

d) Credit risk:

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

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, 2024 the Corporation had loans and advances receivable, and accounts receivable and prepaid expenses from companies, totaling \$944 (December 31, 2023 - \$905) which represents approximately 5.1% (December 31, 2023 – 5.4%) 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, 2024 of \$nil (December 31, 2023 – \$nil). 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.

e) Commodity price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. The Corporation is susceptible to commodity price risk associated with investments in the natural resource industry.

f) Fair value:

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

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 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.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

14. Financial instruments and risk management – continued

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 assets that are recognized at fair value on a recurring basis are the equity investments and investment in convertible debentures.

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity investments, at fair value	\$ 5,516	\$ -	\$ 1,731	\$ 7,247
Convertible debenture receivable	-	-	9,899	9,899
	<u>\$ 5,516</u>	<u>\$ -</u>	<u>\$ 11,630</u>	<u>\$ 17,146</u>

For the period ended March 31, 2024, a reconciliation of financial assets measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 31, 2023	\$ 11,310
Repayment	(200)
Interest accrued	211
Fair value adjustments	309
Balance at March 31, 2024	<u>\$ 11,630</u>

Within Level 3, the Corporation includes the convertible debenture receivable and private company investments. The key assumptions driving the valuation of the private company 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 +/- \$433 (2023 - \$433) 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.

49 North Resources Inc.**Notes to the Interim Financial Statements**

(in thousands of Canadian dollars, except securities and per share amounts)

For the three months ended March 31, 2024 and 2023

14. Financial instruments and risk management – continued

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.

15. Supplemental cash flow information

The following table summarizes the net changes in non-cash working capital items related to operating activities:

	March 31, 2024		December 31, 2023
Accounts receivable and prepaid expenses	\$ (2)	\$	(16)
Accounts payable and accrued liabilities	230		496
	\$ 228	\$	480