INTERIM FINANCIAL STATEMENTS

MARCH 31, 2009

(Unaudited – Prepared by Management)

NOTICE OF NO AUDITOR REVIEW

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

The company's independent auditors have not performed a review of these financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditors.

49 NORTH RESOURCE FUND INC.

BALANCE SHEET
(unaudited)

ASSETS

		March 31 2009		December 31 2008
Cash and cash equivalents	$	111,058	$	252,947
Equity investments at fair value (Note 4)		19,037,696		7,672,171
Loans and advances receivable (Note 5)		300,000		423,529
Capital assets (Note 6)		193,945		204,795
Future income tax asset (Note 11)		-		125,942
	$	**19,642,699**	**$**	**8,679,384**

LIABILITIES

Accounts payable and accrued liabilities	$	580,744	$	543,202
Due to related party		-		44,511
Management fees and reimbursements payable (Note 7 and 10)		177,633		160,288
Convertible debentures (Note 8)		4,280,223		4,212,081
Future income tax liablity (Note 11)		1,537,431		-
		6,576,031		**4,960,082**

SHAREHOLDERS' EQUITY

Common shares (Note 9)		30,064,585		24,314,966
Contributed surplus (Note 9)		635,818		635,818
Equity portion of convertible debentures (Note 8)		734,500		734,500
Deficit		(18,368,235)		(21,965,982)
		13,066,668		**3,719,302**
	$	**19,642,699**	**$**	**8,679,384**

Approved by the Board

Signed ”Tom MacNeill” Signed “Harvey Bay”

49 NORTH RESOURCE FUND INC.

STATEMENTS OF OPERATIONS AND RETAINED EARNINGS
(unaudited)
FOR THE THREE MONTHS ENDED

	March 31, 2009	March 31, 2008
Net investment gains (losses)		
Realized (losses) gains	$ (602,421)	$ 137,215
Unrealized gains	5,717,381	1,962,241
Interest income	48	2,866
	$ 5,115,008	**$ 2,102,322**
Expenses		
Business development and investor relations	85,946	97,322
Interest	187,134	115,235
Management fees (Note 7)	74,283	96,866
Office and administration	22,819	1,258
Professional fees	71,348	12,000
Transaction costs	37,751	37,935
Wages and benefits	29,881	1,867
	509,162	**362,483**
Income before income taxes	**4,605,846**	**1,739,839**
Future income tax (Note 11)	1,008,099	-
Net income	**3,597,747**	**1,739,839**
(Deficit) retained earnings, beginning of period	(21,965,982)	-
(Deficit) retained earnings, end of period	**$ (18,368,235)**	**$ 1,739,839**
Basic income per share	**$ 1.08**	**$ 1.06**
Diluted income per share	**$ 0.98**	**$ 0.97**
Weighted average number of shares outstanding	**3,327,695**	**1,647,917**

49 NORTH RESOURCE FUND INC.

STATEMENTS OF CASH FLOWS
(unaudited)
FOR THE THREE MONTHS ENDED

	March 31 2009	March 31 2008
Cash flows from Operating Activities		
Net income	$ 3,597,747	$ 1,739,839
Items not affecting cash		
Realized loss (gain)	602,421	(137,215)
Amortization	12,308	-
Future income taxes	1,008,099	-
Unrealized gain on investments	(5,717,381)	(1,962,241)
Net changes in non-cash working capital items related to operations:	62,349	270,377
	(434,457)	**(89,240)**
Cash flows from Investing Activities		
Purchase of capital assets	(1,458)	(3,014)
Purchase of investments	(1,783,747)	(4,153,348)
Proceeds from disposal of investments	2,209,445	3,018,274
Advances for loans	-	(353,497)
Cash received on reorganization transactions	-	817,586
	424,240	**(673,999)**
Cash flows from Financing Activities		
Advances (to) from related party	(44,511)	-
Repayment of performance bonus	-	(250,000)
Repayment of loan payable	-	(25,000)
Repurchase of common shares	(87,161)	(16,190)
	(131,672)	**(291,190)**
Net increase (decrease) in cash during the year	**(141,889)**	**(1,054,429)**
Cash, beginning of period	252,947	-
Cash, end of period	**$ 111,058**	**$ (1,054,429)**
Supplemental cash flow information		
Cash interest paid in the period	**$ 6,595**	**$ -**

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2009

1. Organization and business description

49 North Resource Fund Inc. (the "Corporation") was continued as a corporation under the laws of Saskatchewan pursuant to Articles of Amalgamation, as amended by Article of Amendment, registered under *The Business Corporations Act* (Saskatchewan) (the "SBCA") on January 1, 2008, and is currently governed by amended and restated articles registered under the SBCA on January 17, 2008. The companies that amalgamated to form the Corporation included 49 North Resource Fund Inc., which was incorporated pursuant to the SBCA on October 13, 2004 under the name 101062093 Saskatchewan Ltd. and amended its articles effective May 11, 2005 to change its name to 49 North Resource Fund Inc. and which, prior to the Conversion Transaction discussed below, was the general partner of the Former Partnership (as defined below); and 101110207 Saskatchewan Ltd. which was incorporated pursuant to the SBCA on October 30, 2007 for the sole purpose of facilitating the reorganization of the Corporation from its former structure as a limited partnership to its current structure as a corporation.

The Corporation is the successor by reorganization to 49 North Resource Fund Limited Partnership (the "Former Partnership") which was formed July 19, 2005 (originally under the name 49 North Resource Flow Through Limited Partnership) and is constituted a limited partnership under the laws of Saskatchewan upon the filing of a declaration of limited partnership pursuant to *The Partnership Act* (Saskatchewan) and *The Business Names Registration Act* (Saskatchewan), effective July 20, 2005.

The Corporation is a resource investment, financial and managerial advisory, and merchant banking company which, as its principal business, invests in a diversified portfolio of shares and other securities of resource issuers including, without limitation, resource issuers engaged in mineral or oil and gas exploration and development, with a view to achieving capital appreciation of the portfolio.

2008-I Fund and 2008-II Fund Roll-over Transaction

During 2008, 49 North 2008 Resource Flow-Through Limited Partnership (the "2008-I Fund") raised $9,156,550 on the issuance of 915,655 limited partnership units (the "2008-I Units) in an initial public offering, and 49 North 2008-II Resource Fund Flow-Through Limited Partnership (the "2008-II Fund"), raised $2,191,100 on the issuance of 219,110 limited partnership units (the "2008-II Units") in various private placements. Prior to December 31, 2008, the 2008-I Fund and the 2008-II Fund invested a substantially equal amount in a portfolio of flow-through shares.

Effective February 2, 2009, 49 North 2008 Resource Flow-Through Limited Partnership (the "2008-I Fund") and 49 North 2008-II Resource Flow-Through Limited Partnership (the "2008-II Fund") transferred substantially all of their respective assets - valued at $4,016,711 in the case of the 2008-I Fund and $1,820,069 in the case of the 2008-II Fund, respectively, - on a tax deferred "roll-over" basis to the Corporation in exchange for common shares of the Corporation, including 1,656,376 shares issued to the 2008-I Fund and 750,544 shares issued to the 2008-II Fund. Following these transfers, the two Funds were wound up and dissolved and the Corporation's shares of the Funds were distributed to their respective partners. As a result, each (former) limited partner of the 2008-I Fund received approximately 1.809 shares of the Corporation for each limited partnership unit they formerly held in the 2008-I Fund and each (former) limited partner of the 2008-II Fund received approximately 3.425 shares of the Corporation for each limited partnership unit they formerly held in the 2008-II Fund. The transactions also resulted in the number of outstanding shares of the Corporation increasing from 1,803,777 common shares that were outstanding immediately before the transactions to 4,210,697 common shares immediately after the transactions.

2. Significant accounting policies

These interim financial statements have been prepared by management using the same accounting policies and methods as were used for the consolidated financial statements for the year ended December 31, 2008, except for the recent accounting standards adopted that are described below. These consolidated financial statements should be read in conjunction with the Corporation's annual audited consolidated financial statements filed on SEDAR.

a) Goodwill and intangible assets

Effective January 1, 2009, the Corporation adopted the new Canadian standard, Handbook Section 3064, Goodwill and Intangible Assets, which replaced Handbook Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. The standard introduces guidance for the recognition, measurement and disclosure of goodwill and intangible assets, including internally generated intangible assets. The standard also harmonizes Canadian standards with IFRS and applies to annual and interim financial statements for fiscal years beginning on or after October 2008. There was no material impact to previously reported financial statements as a result of the implementation of the new standard.

3. Future accounting pronouncements

International financial reporting standards

In February 2008, the Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011. The Corporation's first financial statements presented in accordance with IFRS will therefore be the year ended December 31, 2011. Though IFRS uses a conceptual framework similar to Canadian GAAP, there are some significant differences on recognition, measurement and disclosure requirements. In the period leading up to the changeover, the AcSB will continue to issue accounting standards that are converged with IFRS, thus mitigating some of the impact of adopting IFRS at the changeover date. The International Accounting Standards Board ("IASB") will, however, also continue to issue new accounting standards during the conversion period. As a result, the final impact of IFRS on the Corporation's financial statements will only be measureable once all IFRS applicable at the conversion date are known.

As a result of this convergence, the Corporation is developing a plan to convert its financial statements to IFRS. Management has not yet completed its quantification of the effects of adopting IFRS. The financial performance and financial position as presented in the Corporation's Canadian GAPP financial statements may be significantly different when presented in accordance with IFRS.

4. Equity investments

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

	Shares/Warrants	Cost	Fair Value
Mineral Exploration			
Alix Resources Corp (1)	766,000	$ 52,216	$ 95,750
Alix Resources-Warrants	700,000	-	-
Angus Resources (1)	30,000	3,000	3,300
Athabasca Potash Inc. (2)	2,141,000	2,057,903	6,851,200
Barker Minerals Ltd. (1)	80,000	3,580	4,000
Bending Lake Iron Group Ltd. (3)	1,200,000	1,078,570	1,078,570
Blue Sky Uranium Corp. (1)	200,000	10,115	24,000
Canalaska Uranium Ltd. (1)	500,911	215,890	62,614
Copper Canyon Resources Ltd. (1)	2,210,035	246,268	353,606
Copper Canyon Resources Ltd.-Warrants	294,117	-	-
Copper Mountain Mining Corp. (2)	53,000	26,827	25,970
Copper Reef Mines Ltd. (4)	2,405,000	717,995	120,250
Copper Reef Mines Ltd.-Warrants	250,000	-	-
Dumont Nickel Inc. (1)	6,526,000	94,262	65,260

49 NORTH RESOURCE FUND INC.

NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
MARCH 31, 2009

4. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Eagle Plains Resources Ltd. (1)	159,500	22,706	21,532
Eagle Plains Resources Ltd.-Warrants	500,000	-	-
El Nino Ventures Inc. (1)	165,540	8,832	10,760
ESO Uranium Corp. (1)	590,000	485,180	17,700
Explor Resources Inc. (1)	1,179,000	236,601	359,595
Explor Resources Inc.-Warrants	527,500	-	-
G2 Resources Inc.-Warrants	175,000	-	-
Gobimin Inc. (1)	86,000	71,321	70,520
Goldcliff Resource Corp. (1)	1,000,000	80,000	60,000
Goldcliff Resource Corp.-Warrants	500,000	-	-
Goldsource Mines Inc. (1)	330,000	452,032	699,600
Great Western Minerals Group Ltd. (1)	3,575,833	677,106	214,550
Great Western Minerals Group Ltd.-Warrants	1,666,667	-	-
Halo Resources Ltd.(1)	881,915	408,188	44,096
Hathor Exploration Ltd. (1)	18,000	35,902	34,560
Horizons Betapro Bear Plus (2)	1,000	13,185	12,430
J-Pacific Gold Inc.(1)	391,000	156,400	33,235
Kent Exploration Inc. (1)	80,000	8,940	6,400
Kimpar Resources Inc. (3)	600,000	669,643	669,643
Kobex Resources Inc. (1)	200,000	69,590	74,000
Lakota Resources Inc. (1)	4,918,441	326,110	-
Lakota Resources Inc.-Warrants	588,235	-	-
Laurion Mineral Exploration Inc.(1)	2,077,665	230,767	31,165
Laurion Mineral Exploration Inc.-Warrants	1,063,832	-	-
Newsk Emerging Resources Ltd. (3)	1,691,848	1,691,848	1,488,826
Northern Continental Resources Inc.(1)	220,000	86,916	16,500
Northern Continental Resources Inc.-Warrants	250,000	-	-
Northern Freegold Resources (1)	285,552	243,801	148,487
NuCoal Energy Corp. (3)	1,402,770	905,804	905,804
Olivut Resources Ltd. (1)	60,000	12,205	12,000
Panwestern Energy Inc. (1)	3,179,822	999,765	588,267
Panwestern Energy Inc.-Warrants	1,250,000	-	-
Playfair Mining Ltd. (1)	1,000,000	50,000	55,000
Raytec Metals Corp. (1)	650,000	120,766	117,000
Raytec Metals Corp.-Warrants	454,500	-	-
Red Rock Energy Inc. (1)	1,930,856	1,080,363	193,086
Rochester Resources (1)	34,000	21,785	7,140
Rockport Mining Corp (3)	486,274	364,721	364,721
Roxgold Inc. (1)	740,000	316,750	11,100
Roxgold Inc.-Warrants	360,000	-	-
Royal Roads Corp. (1)	668,050	249,980	16,701
Sheltered Oak Resources Corp. (1)	1,000,000	80,000	110,000
Skeena Resources Ltd. (1)	2,412,500	215,218	96,500
Skeena Resources Ltd.-Warrants	1,100,000	-	-
Skygold Ventures Ltd. (1)	119,000	31,169	20,825
Stikine Gold Corporation (1)	1,336,667	401,000	53,467
Troy Energy Corp. (1)	242,800	182,000	9,712

4. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Vaaldiam Resources (1)	191,000	215,807	3,820
Valgold Resources Inc. (1)	334	100	7
Vena Resources Inc.-Warrants	430,000	-	-
Virginia Uranium (3)	73,333	100,000	34,091
Wescan Goldfields Inc. (1)	2,677,667	1,087,908	495,368
Westcore Energy Inc. (1)	600,000	750,000	213,000
Weststar Resources Corp. (1)	36,500	5,475	4,745
Weststar Resources Corp.-Warrants	250,000	-	-
Western Potash Corporation-Warrants	100,000	-	-
Xiterra Resources Limited-Warrants	35,000	-	-
Oil & Gas			
Alberta Oilsands Inc. (1)	263,500	25,033	64,558
Blackdog Resources Ltd. (1)	536,424	215,033	91,192
Cheyenne Energy Corp. (1)	714,280	249,998	-
Enhanced Oil Resources-Warrants	125,000	-	-
Fair Sky Resources Inc. (1)	65,570	199,989	-
Ivory Energy Inc. (1)	230,117	195,599	-
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
Nordic Oil & Gas Ltd. (1)	1,028,870	139,648	56,588
Nordic Oil & Gas Ltd.-Warrants	815,435	-	-
Pacific Rodera Energy Inc. (1)	40,000	8,236	8,200
Prairie Hunter Energy Corp (3)	1,725,697	1,944,783	1,952,215
Renegade Oil & Gas Ltd. (3)	88,000	200,000	200,000
Ruby Energy Inc. (3)	916,996	550,198	484,174
Trivello Energy Corp. (1)	44,167	53,000	5,300
Welton Energy Corporation (2)	147,059	100,000	-
Wildcat Exploration Ltd. (1)	1,772,000	485,822	62,020
		$ 22,142,825	**$ 19,037,696**

(1) Listed on TSX Venture Exchange
(2) Listed on TSX
(3) Private
(4) Listed on CNQ Exchange

4. Equity investments (continued)

As at December 31, 2008, the Corporation's investments consist of the following:

	Shares/Warrants	Cost	Fair Value
Mineral Exploration			
Alix Resources-Warrants	250,000	$ -	$ -
Athabasca Potash Inc. (2)	2,231,500	2,139,562	2,476,965
Bending Lake Iron Group Ltd. (3)	100,000	100,000	100,000
Blue Sky Uranium Corp.-Warrants	120,000	-	-
Canalaska Uranium Ltd. (1)	500,911	215,890	57,605
Claude Resources Inc. (2)	100,000	174,892	42,000
Copper Canyon Resources Ltd. (1)	35	16	4
Copper Canyon Resources Ltd.-Warrants	294,117	-	-
Copper Reef Mines Ltd. (4)	2,405,000	717,995	96,200
Copper Reef Mines Ltd.-Warrants	250,000	-	-
Dumont Nickel Inc.	630,000	9,575	9,450
Eagle Plains Resources Ltd.-Warrants	500,000	-	-
El Nino Ventures Inc. (1)	540	484	54
ESO Uranium Corp. (1)	590,000	485,180	14,750
G2 Resources Inc.-Warrants	175,000	-	-
Goldsource Mines Inc. (1)	552,500	713,778	1,066,325
Great Western Minerals Group Ltd.(1)	2,688,000	1,130,275	120,960
Halo Resources Ltd.(1)	981,915	454,472	14,729
Halo Resources Ltd.-Warrants	300,000	-	-
J-Pacific Gold Inc.(1)	391,000	156,400	27,370
Lakota Resources Inc.(1)	250,500	47,727	15,030
Laurion Mineral Exploration Inc.(1)	2,077,665	230,768	31,165
Laurion Mineral Exploration Inc.-Warrants	1,063,832	-	-
Northern Continental Resources Inc.(1)	415,500	164,153	33,240
Northern Continental Resources Inc.-Warrants	250,000	-	-
Northern Freegold Resources (1)	1,416,552	1,209,434	226,648
Northern Freegold Resources-Warrants	312,500	-	-
NuCoal Energy Corp. (3)	400,000	100,000	100,000
Panwestern Energy Inc.(1)	1,779,322	779,390	266,898
Petro Uno Resources-Warrants	312,500	-	-
Raytec Metals Corp.(1)	50,000	18,496	8,500
Raytec Metals Corp.-Warrants	454,500	-	-
Red Rock Energy Inc. (1)	1,965,856	1,107,591	137,610
Renegade Oil & Gas Ltd. (3)	80,000	200,000	200,000
Rochester Resources (1)	24,000	21,785	5,270
Rockport Mining Corp (3)	486,274	364,720	364,720
Roxgold Inc. (1)	740,000	316,750	14,800
Roxgold Inc.-Warrants	360,000	-	-
Royal Roads Corp. (1)	668,050	249,980	13,360
Skeena Resources Ltd. (1)	346,500	111,498	10,395
Skeena Resources Ltd.-Warrants	100,000	-	-
Stikine Gold Corporation (1)	1,336,667	401,000	40,100
Titan Uranium Ltd. (1)	98,000	145,894	20,090
Troy Energy Corp. (1)	242,800	182,000	7,284

4. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Valgold Resources Inc. (1)	334	100	7
Vena Resources Inc.-Warrants	430,000	-	-
Virginia Uranium (3)	73,333	100,000	34,091
Wescan Goldfields Inc. (1)	2,000,500	990,961	330,083
Western Potash Corporation-Warrants	100,000	-	-
Xiterra Resources Limited-Warrants	35,000	-	-
Oil & Gas			
Blackdog Resources Ltd. (1)	250,710	137,890	67,692
Cheyenne Energy Corp. (1)	714,280	249,998	-
Enhanced Oil Resources-Warrants (1)	125,000	-	-
Fair Sky Resources Inc. (1)	65,570	199,989	-
Ivory Energy Inc. (1)	230,117	195,599	9,205
Nordic Oil & Gas Ltd. (1)	423,000	115,413	16,920
Nordic Oil & Gas Ltd.-Warrants	512,500	-	-
Prairie Hunter Energy Corp (3)	1,135,697	1,128,265	1,135,697
Renegade Oil & Gas Ltd. (3)	80,000	200,000	200,000
Renegade Oil & Gas Ltd.-Warrants	80,000	-	-
Ruby Energy Inc. (3)	916,996	550,198	484,174
Trivello Energy Corp. (1)	265,000	53,000	14,575
Welton Energy Corporation (2)	147,059	100,000	735
Wildcat Exploration Ltd. (1)	1,852,000	507,755	55,560
		$ 16,494,681	**$ 7,672,171**

(1) Listed on TSX Venture Exchange
(2) Listed on TSX
(3) Private
(4) Listed on CNQ Exchange

5. Loans and advances receivable

In 2008, the Corporation entered into two short-term loan agreements, one with Lakota Resources Inc. for $350,000 and the other with How2Energy Inc. for $300,000. Both loans are due on demand and bear interest at a rate of prime plus two percent. No interest has been accrued on the loans due to the uncertainty of collectability. At December 31, 2008, the loans were written down to their estimated fair value.

During the period, the loan to Lakota Resources Inc was converted to 2,102,941 shares of that company, while the loan to How2Energy is still being carried at $300,000.

6. Capital assets

	March 31 2009			December 31 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	$ 92,911	$ 19,675	$ 73,236	$ 77,736
Leasehold improvements	141,177	20,468	120,709	127,059
	$ 234,088	**$ 40,143**	**$ 193,945**	**$ 204,795**

7. Management fees and performance bonus

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 of which, $74,283 is payable at March 31, 2009; and (b) starting with the Corporation's fiscal year ended December 31, 2008, may be entitled to an annual performance bonus, calculated as of the last business day of the applicable fiscal year, in an amount in respect of each common share that is outstanding as of such day, equal to 20% of the amount, if any, by which the sum of the net asset value per common share as of that date, plus all dividends per common share during that fiscal year, exceeds the greater of $16.34 and the net asset value per Common share as of the last business day of the preceding fiscal year.

8. Convertible debentures

The Former Partnership completed the issue and sale of a $2,000,000 convertible secured debenture on a private placement basis on June 28, 2007; which debenture was converted into 400,000 Units effective January 1, 2008 and then exchanged for 200,000 preferred shares of the Corporation that resulted from a reorganization of the Former Partnership into a corporate structure that occurred January 1, 2008. Prior to its conversion, the debentures accrued interest at 9% per annum. The $1,950,000 carrying amount of the debenture for the purposes of the financial statements as at December 31, 2007 approximated its fair value as determined by reference to current market conditions, less the equity component which had a fair market value at issue date of $50,000.

On July 24, 2008, the Corporation raised proceeds of $5,000,000 on the private placement of 9% convertible unsecured subordinate debentures. The debentures have a three-year term, maturing July 24, 2011, and bear interest from the date of issue at 9% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on July 24 in each of 2009 and 2010 and on maturity.

The debentures are convertible, at the option of the respective holders, at any time or from time to time prior to 5:00 p.m. (Toronto time) on July 23, 2011, into fully paid, non-assessable common shares of the Corporation at a conversion price of (i) $11.00 per share if converted prior to July 24, 2009, (ii) $11.75 per share if converted on or after July 24, 2009 and before July 24, 2010, and (iii) $12.50 per share if converted on or after July 24, 2010 and prior to the conversion expiry time.

Subject to certain conditions precedent, the Corporation may redeem the debentures prior to maturity at a redemption price equal to their principal amount plus interest accruing to but otherwise unpaid to the date preceding the redemption date plus a premium equal to 6% of the outstanding principal amount if redeemed prior to July 24, 2009, 4% of the outstanding principal amount if redeemed on or after July 24, 2009 but before July 24, 2010, or 2% of the outstanding principal amount if redeemed on or after July 24, 2010 and prior to maturity.

These conditions precedent include the requirement that (i) the Corporation send notice of its intent to redeem the debentures and of the proposed redemption date to all debenture holders at least 60 days and not more than 90 days prior to such redemption date, (ii) at the time of sending such notice, the weighted average trading price of the company's common shares for the 60 days preceding the date of the notice is equal to or exceeds the then applicable conversion price of the debentures, and (iii) on the redemption date, the Corporation must redeem all of the outstanding debentures that have not then been converted into common shares.

Of the aggregate principal amount of the debentures, $2,000,000 was issued to the holder of 200,000 second preferred, series 1 shares of the company that were repurchased and redeemed by the Corporation concurrent with the closing at a price of approximately $2,100,000, representing the $2,000,000 issue price of such shares plus dividends that accrued thereon from January 1, 2008 to June 23, 2008. As a result, the Corporation no longer has any preferred shares outstanding.

8. Convertible debentures (continued)

For accounting purposes, the debentures contain both a liability component and an equity component, being the holders' conversion rights, which have been separately presented on the balance sheet. The Corporation allocated the face value of the debentures to the liability and equity components. At issuance, the Corporation estimated the fair value of the conversion option by deducting the present value of the future cash outflows of the debentures, if no conversion rights are attached, from the face value of the principal of the debentures. The fair value of the liability component was determined by discounting the stream of future payments of loan principal and interest at the estimated prevailing market rate of 15.74% for a comparable debt instrument that excluded any conversion privilege by the holders. The residual carrying value of the debentures are to be accreted to the redemption value of the debenture to the redemption date of the debenture based on an effective annual interest rate.

	March 31 2009	**December 31 2008**
Fair value of convertible debentures	$ 5,000,000	$ 5,000,000
Plus: accretion	174,723	106,581
Less: debt issue costs	(160,000)	(160,000)
Equity portion of convertible debenture	(734,500)	(734,500)
	$ 4,280,223	**$ 4,212,081**

9. Common shares

Authorized an unlimited number of common shares without par value.

Common shares issued

	Common Shares	Share Capital
Balance, December 31, 2007	-	$ -
Exchanged for units of the Former Partnership	1,399,157	$ 19,415,209
Exchanged for units of the 2007 Fund	497,520	5,830,092
Shares repurchased and cancelled	(92,600)	(733,945)
Share issue costs	-	(196,390)
Balance, December 31, 2008	**1,804,077**	**$ 24,314,966**
Exchanged for units of the 2008 Fund	1,656,376	$ 4,016,711
Exchanged for units of the 2008-II Fund	750,544	1,820,069
Shares repurchased and cancelled	(50,100)	(87,161)
Balance, March 31, 2009	**4,160,897**	**$ 30,064,585**

Stock option plan

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

9. Common shares (continued)

Stock option plan (continued)

A summary of the status of the Corporation's stock option plan and changes during the period ended March 31, 2009 is presented below.

	March 31, 2009		December 31, 2008	
	Options	**Price**	**Options**	**Price**
Outstanding, beginning of period	75,000	10.00	-	$ -
Options expired	(15,000)	-	-	-
Options granted	-	-	75,000	10.00
Oustanding, end of period	**60,000**	**$ 10.00**	**75,000**	**$ 10.00**

The fair value of stock options issued is estimated using the Black-Scholes option-pricing model, with the following assumptions: risk free rate, volatility, dividend yield and weighted average expected option life and expected forfeiture rate. In 2008, the Corporation granted 75,000 stock options to directors, officers, employees and consultants. The exercise price for the options granted is $10.00 and the options expire July 16, 2018 (subject to earlier termination in certain circumstances in accordance with the Option Plan). The value of these options, using the Black-Scholes option-pricing model, was $635,818 which was allocated to the stock-based compensation expense with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate 4.21%, expected life of options 10 years, annualized volatility 83% and dividend rate of nil.

Contributed surplus

The fair values of certain stock options have been valued using the Black-Scholes option-pricing model. The fair value on the grant of these securities is added to contributed surplus. Upon exercise, the corresponding amount of contributed surplus related to the security is removed from contributed surplus and added to share capital. A summary of the contributed surplus activity is as follows:

	March 31 2009	**December 31 2008**
Balance, beginning of period	$ 635,818	$ -
Fair value of stock options granted	-	635,818
Balance, end of period	**$ 635,818**	**$ 635,818**

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.

Normal course issuer bid (“NCIB”)

The Former Partnership announced in July of 2007 its intention to purchase up to 276,041 Units (approximately 138,020 common shares after adjusting for the conversion of 49 North from its former partnership structure to its current corporate structure and the 2 for 1 consolidation that occurred in the January 1, 2008 Conversion Transaction) in a normal course issuer bid (“NCIB”) during the period commencing July 23, 2007 and ending July 23, 2008. Following the expiry of that NCIB, the Corporation, in

9. Common shares (continued)

Normal course issuer bid ("NCIB") (continued)

August 2008, announced its intention to commence a new NCIB pursuant to which it may repurchase up to 185,865 common shares during the period commencing August 6, 2008 and ending on the earlier of August 6, 2009 and the date that the maximum of 185,865 common shares have been repurchased. Purchases under the bids are to be made in open market transactions through the facilities and in accordance with the rules of the TSX Venture Exchange at market prices prevailing at the time of acquisition. All common shares purchased under the bids are cancelled. The Corporation purchased 92,600 common shares pursuant to these NCIBs during the year ended December 31, 2008 and 50,100 shares for the quarter ended March 31, 2009.

10. Related party transactions

During the period, management fees of $74,283 and reimbursements of $62,596 were accrued to TMM, and 1681613 Alberta Ltd., companies controlled by the CEO of the Corporation. These amounts, plus an additional $40,754 of unpaid management fees from the December 31, 2008 year end are payable at March 31, 2009. These transactions are in the normal course of operations and are measured at the exchange amount and is the amount of consideration established and agreed to by the related parties.

11. Income taxes

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Corporation's future assets and liabilities are as follows:

	March 31 2009	**December 31 2008**
Future income tax asset (liability)		
Non-capital loss carryforwards	$ 359,844	$ 699,766
Deferred share issue costs	82,842	88,365
Investments	(1,980,117)	(662,189)
	$ (1,537,431)	**$ 125,942**

12. Capital management

The Corporation's objectives when managing capital are:

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

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

(c) to give shareholders sustained growth in shareholder value by increasing shareholders' equity; and,

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

12. Capital management (continued)

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

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

(b) utilizing leverage in the form of margin (due from brokers) and the Corporation's bank credit line (bank indebtedness);

(c) raising capital through equity financings;

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

(e) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the period. To date, the Corporation has not declared any cash dividends to its common shareholders as part of its capital management program. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis. The Corporation expects that its current capital resources will be sufficient to discharge its liabilities as at March 31, 2009.

13. Financial instruments

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

(a) Liquidity risk:

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

The Corporation uses 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.

13. Financial instruments (continued)

(a) Liquidity risk: (continued)

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. During 2008, the Corporation reduced its reliance on margin relative to prior years and management expects to maintain a minimal margin borrowing balance in the near term future.

(b) Market risk:

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

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

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at March 31, 2009, the Corporation had liabilities payable (collectively "interest risk liabilities"), which bear interest at rates fluctuating with the prime rate. All of the interest rate risk liabilities can be repaid by the Corporation at any time, without notice or penalty, which provides the Corporation with some ability to manage and mitigate its interest rate risk.

(d) Credit risk:

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

At March 31, 2009 the Corporation had loans and advances receivable from two companies, totaling $300,000 which represents approximately 1.5% of the Corporation's total assets. The Corporation is working with the third party company to convert the loans receivable to an equity position in the company.

(e) Fair value:

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

14. Subsequent events

On April 2, 2009, the board of directors of the Corporation approved the grant of 295,000 stock options pursuant to the Corporation's 2008 Stock Option Plan. 140,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. The options are exercisable at $2.00 per share and, if not exercised, expire April 2, 2019, subject to earlier expiration in accordance with the Plan and applicable policies of the TSX Venture Exchange. At the same time, options for 75,000 common shares that were originally granted in July 2008 were cancelled.

Subsequent to period end the Corporation engaged MGI Securities Inc. as its lead agent in connection with a private placement of securities of the Corporation to raise up to approximately $15,000,000. It is anticipated that the offering will be placed predominantly with institutional investors, and will be comprised of units, with each unit consisting of one common share at a price of $2.75 and one warrant, exercisable at $3.50 and expiring two years after closing. Closing of the proposed offering is subject to the completion of definitive legal agreements and receipt of applicable regulatory approvals.