



(formerly 49 North Resource Fund Inc.)

INTERIM FINANCIAL STATEMENTS

SEPTEMBER 30, 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 RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
BALANCE SHEET
(unaudited)

ASSETS

	September 30 2009	December 31 2008
Equity investments, at fair value (Note 3)	\$ 35,889,223	\$ 7,672,171
Cash and cash equivalents	1,412,555	252,947
Loans and advances receivable (Note 4)	755,000	423,529
Mineral properties and deposits (Note 5)	309,118	-
Capital assets (Note 6)	173,164	204,795
Deposits (Note 15)	75,000	-
Future income tax	-	125,942
	\$ 38,614,060	\$ 8,679,384

LIABILITIES

Accounts payable and accrued liabilities	\$ 188,654	\$ 543,202
Management fees and reimbursements payable (Note 7 and 10)	19,056	160,288
Convertible debentures (Note 8)	4,416,507	4,212,081
Future income taxes (Note 11)	2,041,557	-
Due to related party	-	44,511
	6,665,774	4,960,082

SHAREHOLDERS' EQUITY

Common shares (Note 9)	40,549,635	24,314,966
Contributed surplus (Note 9)	1,465,871	635,818
Equity portion of convertible debentures (Note 8)	734,500	734,500
Deficit	(10,801,720)	(21,965,982)
	31,948,286	3,719,302
	\$ 38,614,060	\$ 8,679,384

Approved by the Board

Signed "Tom MacNeill"
Director

Signed "Stephen Halabura"
Director

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
STATEMENT OF OPERATIONS AND RETAINED EARNINGS
(unaudited)

	For the three months ended September 30		For the nine months ended September 30	
	2009	2008	2009	2008
Net investment gains				
Realized gains	1,639,549	668,124	1,141,549	909,203
Unrealized gains (losses)	5,053,205	(30,677,476)	14,321,998	(13,131,196)
Interest and dividend income	13,943	11,615	29,936	20,200
	\$ 6,706,697	\$ (29,997,737)	\$ 15,493,483	\$ (12,201,793)
Expenses				
Business development and investor relations	153,713	168,287	503,914	484,464
Interest	190,956	122,297	488,142	335,352
Management fees	169,838	68,386	383,302	364,038
Management performance bonus	-	(1,934,630)	-	-
Wages and benefits	54,887	27,900	130,765	56,079
Office and administration	56,750	15,482	103,918	46,635
Professional fees	44,212	161,891	205,557	225,287
Stock based compensation (Note 9)	49,768	680,000	442,891	680,000
Transaction costs	121,899	23,261	199,697	103,596
	842,023	(667,126)	2,458,186	2,295,451
Income (loss) before income taxes	5,864,674	(29,330,611)	13,035,297	(14,497,244)
Future income tax	617,131	(3,631,405)	1,871,035	(2,375,633)
Net income (loss)	5,247,543	(25,699,206)	11,164,262	(12,121,611)
Retained earnings (deficit), beginning of period	(16,049,263)	13,577,595	(21,965,982)	-
Retained earnings (deficit), end of period	\$ (10,801,720)	\$ (12,121,611)	\$ (10,801,720)	\$ (12,121,611)
Basic earnings per share	\$ 0.63	\$ (14.06)	\$ 1.98	\$ (6.63)
Diluted earnings per share	\$ 0.61	\$ (14.06)	\$ 1.88	\$ (6.63)

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
STATEMENT OF CASH FLOWS
(unaudited)

	For the three months ended September 30		For the nine months ended September 30	
	2009	2008	2009	2008
Cash flows from Operating Activities				
Net income (loss)	\$ 5,247,543	\$ (25,699,206)	\$ 11,164,262	\$ (12,121,611)
Items not affecting cash				
Realized gains	(1,639,549)	(668,124)	(1,141,549)	(909,203)
Amortization	12,286	6,887	37,185	14,132
Future income taxes	617,131	(3,631,405)	1,871,035	(2,375,633)
Accretion of convertible debentures	68,142	-	204,426	-
Stock based compensation	49,768	680,000	442,891	680,000
Performance bonus	-	(1,934,630)	-	-
Unrealized (gains) losses	(5,053,205)	30,677,476	(14,321,998)	13,131,196
Net changes in non-cash working capital items related to operations:	(614,316)	(1,254,456)	(495,780)	(1,141,584)
	(1,312,200)	(1,823,458)	(2,239,528)	(2,722,703)
Cash flows from Investing Activities				
Purchase of capital assets	-	(28,400)	(5,554)	(229,815)
Purchase of investments	(5,588,360)	(1,584,958)	(10,696,452)	(8,315,400)
Proceeds from disposal of investments	7,245,639	1,875,701	11,334,243	8,524,994
Purchase of mineral property and deposits	(29,067)	-	(309,118)	-
Loans receivable (net)	(331,471)	(216,485)	(331,471)	(684,564)
Deposits	(75,000)	-	(75,000)	-
Cash received on reorganization transactions	-	-	-	817,586
	1,221,741	45,858	(83,352)	112,801
Cash flows from Financing Activities				
Payment of performance bonus and loan payable	-	(815,000)	-	(965,000)
Advances to related parties	-	137,666	(44,511)	137,666
Issuance of convertible debt	-	5,000,000	-	5,000,000
Redemption of preferred shares	-	(2,000,000)	-	(2,000,000)
Debt issue costs	-	(160,000)	-	(160,000)
Issuance of common shares	671,797	-	4,941,373	-
Repurchase of common shares	(101,323)	(360,855)	(250,488)	(665,014)
Share issue costs	(154,959)	-	(1,163,886)	(196,390)
	415,515	1,801,811	3,482,488	1,151,262
Net increase (decrease) in cash during the period	325,056	24,211	1,159,608	(1,458,640)
Cash, beginning of period	1,087,499	(1,482,851)	252,947	-
Cash, end of period (Note 12)	\$ 1,412,555	\$ (1,458,640)	\$ 1,412,555	\$ (1,458,640)

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

1. Organization and business description

49 North Resources 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 amended its articles effective August, 2009 to change its name to 49 North Resources Inc.

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.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

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.

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.

Credit risk and fair value

In January 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 173, "Credit Risk and the Fair Value of Financial Assets and Financial Liabilities". The EIC clarifies how the Corporation's own credit risk of the counterparty should be taken into account in determining the fair value of financial assets and financial liabilities. This abstract applies to interim and annual financial statements relating to fiscal years beginning on or after January 20, 2009. The adoption of this new accounting policy did not have any impact on the Corporation's financial statements.

Mining Exploration Costs

In March 2009, the CICA issued Emerging Issues Committee ("EIC") Abstract 174, "Mining Exploration Costs". The EIC provides guidance on the accounting and the impairment review of exploration costs. This abstract applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2009. The adoption of this new accounting policy did not have any impact on the Corporation's financial statements.

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 fully 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. At this time, management does believe that there will be changes to the accounting for income taxes.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

3. Equity investments

As at September 30, 2009, the Corporation's investments consist of the following:

	<u>Shares/Warrants</u>		<u>Cost</u>		<u>Fair Value</u>
Mineral Exploration					
Alix Resources Corp (1)	1,511,000	\$	107,762	\$	135,990
Alix Resources-Warrants	1,075,000		-		-
Angus Resources (1)	30,000		3,000		4,800
Athabasca Potash Inc. (2)	2,215,000		3,841,604		13,356,450
Bacanora Minerals Ltd. (1)	50,000		10,000		11,250
Bending Lake Iron Group Ltd. (3)	1,200,000		1,078,570		1,078,570
Blue Sky Uranium Corp. (1)	148,000		7,463		24,420
Bralone Gold Mines Ltd. (1)	263,000		249,850		260,370
Bralone Gold Mines Ltd.- Warrants	263,000		-		-
Claude Resources Inc. (2)	150,000		103,634		120,000
Copper Canyon Resources Ltd. (1)	2,507,535		300,777		451,266
Copper Reef Mines Ltd. (4)	2,405,000		717,995		120,250
Dumont Nickel Inc. (1)	10,087,000		125,423		201,740
Dumont Nickel Inc-Warrants	5,000,000		-		-
Eagle Plains Resources Ltd. (1)	2,525,500		470,839		580,865
Eagle Plains Resources Ltd.- Warrants	1,075,000		-		-
El Nino Ventures Inc. (1)	1,415,540		108,831		127,399
El Nino Ventures Inc. - Warrants	1,250,000		-		-
ESO Uranium Corp. (1)	590,000		485,180		29,500
Explor Resources Inc. (1)	250,000		60,000		102,500
Formation Capital Corp.-Warrants	100,000		-		-
Gobimin Inc. (1)	304,000		262,555		334,400
Goldcliff Resource Corp. (1)	5,095,000		497,169		687,825
Goldcliffe Resource Corp. - Warrants	1,750,000		-		-
Halo Resources Ltd.(1)	881,915		408,188		44,096
Hana Mining Ltd. (1)	100,000		25,000		44,000
Hana Mining Ltd.-Warrants	50,000		-		-
Hathor Exploration Ltd. (1)	150,000		245,304		264,000
JNR Resources Inc. (1)	100,000		22,331		23,000
J-Pacific Gold Inc.(1)	391,000		156,400		43,010
Kent Exploration Inc. (1)	580,000		59,003		55,100
Kent Exploration Inc.-Warrants	250,000		-		-
Kimpar Resources Inc. (3)	600,000		669,643		669,643
Kobex Resources Ltd.. (1)	500,000		191,435		212,500
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		83,107
Laurion Mineral Exploration Inc.-Warrants	1,063,832		-		-
Nebu Resources Inc. (1)	566,667		85,000		113,333
Nebu Resources Inc.- Warrants	283,333		-		-
Newsk Emerging Resources Ltd. (3)	1,691,848		1,691,848		1,488,826
Northern Continental Resources Inc.(1)	220,000		86,916		49,500
Northern Continental Resources Inc.-Warrants	250,000		-		-
Northern Freegold Resources (1)	300,052		194,496		129,022

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

3. Equity Investments (continued)

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
NuCoal Energy Corp. (3)	2,413,437	1,663,804	1,663,804
Olivut Resources Ltd. (1)	197,000	40,900	49,250
Otis Gold Corp. (1)	49,000	26,665	36,750
Panwestern Energy Inc. (1)	3,467,822	1,053,063	728,243
Panwestern Energy Inc.-Warrants	1,250,000	-	-
Playfair Mining Ltd. (1)	1,200,000	60,000	66,000
Potash One Inc. (2)	50,000	120,130	121,500
Puget Ventures Inc. (1)	221,667	75,383	84,233
Puget Ventures Inc.- Warrants	83,333	-	-
Red Rock Energy Inc. (1)	1,843,856	1,017,272	331,894
Rochester Resources (1)	34,000	21,785	5,780
Rockport Mining Corp (3)	486,274	364,721	364,721
Roxgold Inc. (1)	740,000	316,750	33,300
Roxgold Inc.-Warrants	360,000	-	-
Sandspring Resources Inc. (1)	215,000	75,250	21,500
Senator Minerals Inc. (1)	750,000	22,500	71,250
Sheltered Oak Resources Corp. (1)	1,000,000	80,000	100,000
Shore Gold Inc. (1)	300,000	130,687	336,000
Skeena Resources Ltd. (1)	2,412,500	215,218	120,625
Skeena Resources Ltd.-Warrants	1,100,000	-	-
Soltoro Ltd. (1)	200,000	10,000	83,000
Stikine Gold Corporation (1)	300,667	90,200	102,227
Tanzania Minerals Corp. (3)	500,000	25,000	25,000
Tirex Resources Ltd. (1)	105,000	73,500	77,700
Troy Energy Corp. (1)	140,000	104,942	14,000
Ucore Uranium Inc. (1)	250,000	50,000	227,500
Ucore Uranium Inc.- Warrants	125,000	-	-
UEX Corp. (2)	5,000	3,000	5,850
Uranium North Resources Corp. (1)	833,333	58,333	70,833
Virginia Uranium (3)	73,333	100,000	34,091
Volcanic Capital Corp. (1)	100,000	23,000	30,000
Wescan Goldfields Inc. (1)	4,176,056	1,182,854	835,211
Wescan Goldfields Inc. -Warrants	694,445	-	-
Westcore Energy Inc. (1)	2,125,000	1,159,342	1,487,500
Weststar Resources Corp.-Warrants	250,000	-	-
Western Potash Corporation-Warrants	100,000	-	-
Xtierra Inc. (1)	70,000	3,650	6,300
Xtierra Inc.-Warrants	35,000	-	-

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

3. Equity Investments (continued)

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
Oil & Gas			
Beaufield Resources Ltd. (1)	525,000	63,853	63,000
Blackdog Resources Ltd. (1)	35,000	13,962	9,800
Bulldog Oil & Gas Ltd. (3)	55,000	137,500	137,500
Cheyenne Energy Corp. (5)	714,280	249,998	-
Enhanced Oil Resources-Warrants	125,000	-	-
Fair Sky Resources Inc. (5)	65,570	199,989	-
Greencastle Resources Ltd. (1)	690,000	92,973	82,800
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	870,000	68,954	73,950
KFG Resources Ltd.- Warrants	270,000	-	-
Lion Energy Corp. (1)	1,250,000	271,828	287,500
Nordic Oil & Gas Ltd. (1)	1,028,870	139,648	123,464
Nordic Oil & Gas Ltd.-Warrants	815,435	-	-
Pacific Roderia Energy Inc. (1)	190,000	46,442	4,940
Petro Uno Resources (1)	300,000	30,000	96,000
Prairie Hunter Energy Corp (3)	2,975,059	3,136,807	2,975,059
Rallemont Energy Inc. (3)	3,500,000	350,000	350,000
Raytec Development Corp.- Warrants	4,545,000	-	-
Ruby Energy Inc. (3)	916,996	550,198	484,174
Welton Energy Corporation (5)	147,059	100,000	-
Wildcat Exploration Ltd. (1)	1,584,000	434,279	198,000
Other			
Grafton Resource Investments Ltd. (6)	21,985	1,000,002	901,385
Meize Energy Industry Holdings (3)	60,000	300,000	300,000
Pinetree Capital Corp. (2)	939,796	2,167,618	1,776,214
		\$ 30,389,736	\$ 35,889,223

(1) Listed on TSX Venture Exchange

(2) Listed on TSX

(3) Private

(4) Listed on CNQ Exchange

(5) Defunct/Delisted

(6) Listed on The Dublin Stock Exchange

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

3. Equity investments (continued)

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

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
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

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

3. Equity Investments (continued)

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
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

4. 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. At December 31, 2008, the loans were written down to their estimated fair value. During the nine month period, the loan to Lakota Resources Inc was converted to 2,102,941 shares of that company. Also during the nine months ended the Corporation advanced \$475,000 to Kimpar Resources Ltd. which is due on demand and bears interest at prime plus two percent.

	<u>September 30</u> <u>2009</u>	<u>December 31</u> <u>2008</u>
Kimpar Resources Ltd.	\$ 475,000	\$ -
How 2 Energy Ltd.	280,000	300,000
Lakota Resources Inc.	-	123,529
	\$ 755,000	\$ 423,529

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

5. Mineral properties

In the current period, the corporation has applied for coal permits with the Government of Manitoba and has initiated airborne analysis of these possible permit locations.

6. Capital assets

	September 30 2009		December 31 2008	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture and equipment	\$ 92,911	\$ 31,537	\$ 61,374	\$ 77,736
Leasehold improvements	145,274	33,484	111,790	127,059
	\$ 238,185	\$ 65,021	\$ 173,164	\$ 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, \$19,056 is payable at September 30, 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

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.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

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.

	September 30 2009	December 31 2008
Fair value of convertible debentures	\$ 5,000,000	\$ 5,000,000
Plus: accretion	311,007	106,581
Less: debt issue costs	(160,000)	(160,000)
Equity portion of convertible debenture	(734,500)	(734,500)
	\$ 4,416,507	\$ 4,212,081

9. Common shares and contributed surplus

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
Private placement	4,275,375	11,840,615
Shares repurchased and cancelled	(119,600)	(250,488)
Share issue costs, net of tax	-	(1,192,238)
Balance, September 30, 2009	8,366,772	\$ 40,549,635

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

9. Common shares and contributed surplus (continued)

During the nine month period ended, the Corporation raised gross proceeds in an amount equal to \$8,599,362 from a private placement. A total of 3,127,041 units were sold at an issue price of \$2.75 per unit. Each unit is comprised of one common share and one common share purchase warrant, exercisable at \$3.50 within the next 2 years. In addition to the units sold, the Corporation completed a share exchange transaction with Grafton Resource Investments Ltd. ("Grafton") in which the corporation issued to Grafton 333,334 common shares at \$3.00 per share, in exchange for 21,985 shares of Grafton, representing a value of \$1,000,002 based on the net asset value per share of Grafton as at May 29, 2009. Grafton is a closed-end resource fund managed by Newland Fund Management LLP of London, England. An exchange was also completed with Pinetree Capital Ltd. ("Pinetree"), a diversified investment, financial advisory and merchant banking firm focused on the small-cap market. The Corporation issued Pinetree 815,000 units in exchange for 914,796 shares of Pinetree Capital Ltd. representing a value of \$2,241,250.

The agents for the private placement received a fee comprised of a commission and a work fee totalling \$758,250. As additional consideration the Corporation issued 312,992 broker warrants and agreed to pay a commission of 3.0% of any amount the Corporation receives from the exercise of any warrant underlying the units.

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.

A summary of the status of the Corporation's stock option plan and changes during the period ended September 30, 2009 is presented below.

	September 30, 2009		December 31, 2008	
	Options	Price	Options	Price
Outstanding, beginning of period	75,000	10.00	-	\$ -
Options cancelled	(75,000)	(10.00)	-	-
Options cancelled	(25,000)	(2.00)	-	-
Options granted	295,000	2.00	-	-
Options granted	25,000	2.38	75,000	10.00
Outstanding, end of period	295,000	\$ 2.03	75,000	\$ 10.00

During the nine month period ended, the board of directors of the corporation approved the grant of 320,000 stock options pursuant to the company's 2008 Stock Option Plan. 165,000 of the options were granted to directors and executive officers with the balance granted to employees and consultants. 295,000 of 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. 25,000 of the options are exercisable at \$2.38 per share and, if not exercised, expire September 9, 2019, subject to earlier expiration in accordance with the Plan and applicable policies of the TSX Venture Exchange. 75,000 stock options that were originally granted in 2008 and 25,000 stock options that were originally issued in 2009 were cancelled.

The value of options issued in 2009, using the Black-Scholes option-pricing model, was \$442,891 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 2.86%, expected life of options 10 years, annualized volatility 83% and dividend rate of nil.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

9. **Common shares and contributed surplus** (continued)

Warrants

On certain issues of common shares, the Corporation has attached warrants entitling the holder to acquire additional common shares of the Corporation. A summary of the outstanding warrants is as follows:

	<u>Warrants</u>	<u>Average Price</u>
Balance, December 31, 2008	-	\$ -
Granted	3,942,041	3.50
Balance, September 30, 2009	3,942,041	\$ 3.50

Broker warrants

On certain issuances of common shares, the Corporation granted broker warrants as partial consideration to the agents for services associated to such share issues. A summary of the outstanding broker warrants is as follows:

	<u>Warrants</u>	<u>Average Price</u>	<u>Fair Value</u>
Balance, December 31, 2008	-	\$ -	\$ -
Granted	312,992	2.75	387,162
Balance, September 30, 2009	312,992	\$ 2.75	\$ 387,162

The value of broker warrants issued in 2009, using the Black-Scholes option-pricing model, was \$387,162 which was allocated to the share issue costs with a corresponding increase in contributed surplus. Assumptions used in the pricing model for the year are as follows: risk-free interest rate 1.27%, expected life of options 2 years, annualized volatility 83% and dividend rate of nil.

Contributed surplus

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

	<u>September 30 2009</u>	<u>December 31 2008</u>
Balance, beginning of period	\$ 635,818	\$ -
Fair value of broker warrants	387,162	-
Fair value of stock options granted	442,891	635,818
Balance, end of period	\$ 1,465,871	\$ 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.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

9. Common shares and contributed surplus (continued)

Normal course issuer bid (“NCIB”)

The Corporation, in August 2008, announced its intention to commence 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. Following the expiry of that NCIB, the Corporation, in August 2009, announced its intention to commence a new NCIB pursuant to which it may repurchase up to 720,823 common shares during the period commencing August 7, 2009 and ending on the earlier of August 7, 2010. 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 to be cancelled. The Corporation purchased 92,600 common shares pursuant to these NCIBs during the year ended December 31, 2008 and 119,600 shares for the period ended September 30, 2009.

10. Related party transactions

During the nine month period, management fees of \$383,302 and reimbursements of \$62,596 were incurred or accrued to TMM, and 1381613 Alberta Ltd., companies controlled by the CEO of the Corporation. 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:

	September 30 2009	December 31 2008
Future income tax asset (liability)		
Non-capital loss carryforwards	\$ 813,070	\$ 699,766
Deferred share issue costs	378,480	88,365
Investments	(3,233,107)	(662,189)
	\$ (2,041,557)	\$ 125,942

12. Note to statement of cash flow

During the nine month period, non-cash financing and investing activities were as follows:

	September 30 2009	December 31 2008
Common shares issued for investments	\$ 12,736,021	\$ 19,415,209
Broker warrants issued	\$ 387,162	-

13. 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.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

13. 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 September 30, 2009.

14. 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.

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE FINANCIAL STATEMENTS
(unaudited)
SEPTEMBER 30, 2009

14. 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 September 30, 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 September 30, 2009 the Corporation had loans and advances receivable from two companies, totaling \$755,000 which represents approximately 2.0% of the Corporation's total assets.

(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.

15. Subsequent events

On October 2, 2009 the Corporation agreed to purchase a total of 750,000 Class "A" common shares of North Rim Exploration Ltd. ("North Rim") for a purchase price of \$1.00 per share, this purchase closed November 5, 2009. On November 5, 2009, the Corporation also agreed to purchase an additional 375,000 Class "A" common shares for a purchase price on or before December 31, 2009. As at September 30, 2009 \$75,000 was held as a deposit on the purchase.