49NORTH RESOURCES INC

(formerly 49 North Resource Fund Inc.)

CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 and 2008

Management's Responsibility for Financial Statements

The accompanying consolidated financial statements of 49 North Resources Inc. (formerly 49 North Resource Fund Inc.) (the "Corporation") are the responsibility of management and have been approved by the Board of Directors.

Management, in conformity with Canadian generally accepted accounting principles, has prepared the consolidated financial statements. The consolidated financial statements include some amounts that are based on best estimates and judgments.

The management of the Corporation, in furtherance of the integrity and objectivity of data in the consolidated financial statements, has developed and maintains a system of internal accounting controls. Management believes the internal accounting controls provide reasonable assurance that financial records are reliable and form a proper basis for preparation of the consolidated financial statements, and that assets are properly accounted for and safeguarded. The internal accounting control process includes management's communication to employees of policies that govern ethical business conduct.

The board of directors carries out its responsibility for the consolidated financial statements principally through its audit committee. The audit committee reviewed the Corporation's annual consolidated financial statements and recommended their approval to the board of directors. The shareholders' auditors have full access to the audit committee, with or without management being present.

The shareholders' auditors, Hergott Duval Stack LLP, Chartered Accountants, in accordance with Canadian generally accepted audit standards, have examined these consolidated financial statements and their independent professional opinion on the fairness of the consolidated financial statements is attached.

"Sandip Rana, CA"
Chief Financial Officer

Saskatoon, Saskatchewan

April 22, 2010

Hergott Duval Stack LLP
CHARTERED ACCOUNTANTS

Suite 1200, 410 - 22nd Street East Saskatoon, SK S7K 5T6
Phone (306) 934-8000 Fax (306) 653-5859 www.hergott.com

AUDITORS' REPORT

To the Shareholders of
49 North Resources Inc. (formerly 49 North Resource Fund Inc.)

We have audited the consolidated balance sheet of 49 North Resources Inc. (formerly 49 North Resource Fund Inc.) as at December 31, 2009 and 2008 and the consolidated statements of operations and deficit and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2009 and 2008 and the results of its operations and cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Hergott Duval Stack LLP

SASKATOON, SASKATCHEWAN

April 22, 2010 Chartered Accountants

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
CONSOLIDATED BALANCE SHEETS

ASSETS

	December 31 2009	December 31 2008
Cash and cash equivalents	$ -	$ 252,947
Equity investments, at fair value (Note 3)	37,140,911	7,672,171
Loans and advances receivable (Note 4)	3,109,195	423,529
Management fees and reimbursements receivable (Note 9)	11,183	-
Accounts receivable and prepaids	883,881	-
Mineral properties and deposits (Note 5)	309,432	-
Goodwill (Note 6)	394,740	-
Capital assets (Note 7)	222,394	204,795
Future income tax	-	125,942
	$ 42,071,736	**$ 8,679,384**

LIABILITIES

	December 31 2009	December 31 2008
Bank indebtedness (Note 8)	$ 2,023,078	$ -
Accounts payable and accrued liabilities	891,510	587,713
Management fees and reimbursements payable (Note 9)	-	160,288
Promissory note payable (Note 10)	375,000	-
Convertible debentures (Note 11)	4,484,649	4,212,081
Future income taxes (Note 12)	2,049,785	-
	9,824,022	**4,960,082**
Minority interest (Note 6)	**292,254**	**-**

SHAREHOLDERS' EQUITY

	December 31 2009	December 31 2008
Common shares (Note 13)	40,506,340	24,314,966
Contributed surplus (Note 13)	1,465,871	635,818
Equity portion of convertible debentures (Note 11)	734,500	734,500
Deficit	(10,751,251)	(21,965,982)
	31,955,460	**3,719,302**
	$ 42,071,736	**$ 8,679,384**

Signed "Tom MacNeill"
Director

Signed "Brad Munro"
Director

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE YEARS ENDED DECEMBER 31

	2009	2008
Net investment (losses) gains		
Realized gains (losses)	$ 1,696,018	$ (4,451,195)
Unrealized gains (losses)	14,558,605	(18,961,855)
Dividend income	6,880	229,249
Interest income	54,027	2,497
	$ 16,315,530	**$ (23,181,304)**
Expenses		
Business development and investor relations	598,522	644,419
Interest	681,992	590,036
Management fees (Note 9)	528,063	362,144
Office and administration	197,712	134,869
Professional fees	363,072	254,086
Stock-based compensation (Note 13)	442,891	635,818
Transaction costs	256,290	140,977
Wages and benefits	152,994	84,878
	3,221,536	**2,847,227**
Income (loss) before income taxes	**13,093,994**	**(26,028,531)**
Future income tax (recovery)	1,879,263	(4,062,549)
Net income (loss)	**11,214,731**	**(21,965,982)**
Deficit, beginning of year	(21,965,982)	-
Deficit, end of year	**$ (10,751,251)**	**$ (21,965,982)**
Basic earnings (loss) per share	**$ 1.79**	**$ (12.14)**
Diluted earnings (loss) per share	**$ 1.74**	**$ (12.14)**
Weighted average number of shares outstanding	**6,262,029**	**1,809,610**

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31

	2009	2008
Cash flows from Operating Activities		
Net income (loss)	$ 11,214,731	$ (21,965,982)
Items not affecting cash		
Realized (gain) loss	(1,696,018)	4,451,195
Amortization	49,580	27,836
Stock-based compensation	442,891	635,818
Accretion of convertible debenture	272,568	-
Future income taxes (recovery)	1,879,263	(4,062,549)
Unrealized (gains) losses of investments	(14,558,605)	18,961,855
Net changes in non-cash working capital items related to operations:	(342,092)	(758,382)
	(2,737,682)	**(2,710,209)**
Cash flows from Investing Activities		
Purchase of capital assets	(5,554)	(232,631)
Purchase of investments	(14,828,458)	(8,345,717)
Proceeds from disposal of investments	14,962,342	10,429,253
Purchase of mineral properties and deposits	(309,432)	-
Loans receivable (net)	(2,685,666)	(650,000)
Acquisition of North Rim	(751,500)	-
Cash assumed on acquisition	146,223	-
Cash received on reorganization transactions	-	817,586
	(3,472,045)	**2,018,491**
Cash flows from Financing Activities		
Promissory note payable	375,000	-
Issuance of common shares	5,016,371	-
Repurchase of common shares	(293,783)	(733,945)
Share issue costs	(1,163,886)	(196,390)
Repayment of loan payable	-	(965,000)
Issuance of convertible debenture	-	5,000,000
Redemption of preferred shares	-	(2,000,000)
Debt issue costs	-	(160,000)
	3,933,702	**944,665**
Net increase (decrease) in cash during the year (Note 14)	**(2,276,025)**	**252,947**
Cash, beginning of year	252,947	-
Cash, end of year	**$ (2,023,078)**	**$ 252,947**

49 NORTH RESOURCES INC.
(formerly 49 North Resource Fund Inc.)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2009 AND 2008

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 restated as of January 17, 2008. By Articles of Amendment dated August 14, 2009 the corporate name was changed from "49 North Resource Fund Inc." to "49 North Resources Inc." and the second preferred shares, series 1 were deleted. 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, managerial and geological 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. In addition, the Corporation may take control positions and play a management role in selected resource issuers and/or become directly or indirectly involved in the acquisition, development and commercialization of resource properties through one or more subsidiaries, joint ventures, farm-in or other arrangements that may be established for such purposes.

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, 2008-I Fund and 49 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, - 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 common shares 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 consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies used are as follows;

Basis of consolidation

These consolidated financial statements include the accounts of the Corporation's 50% owned subsidiary North Rim Exploration Ltd. ("North Rim"). All inter-company accounts have been eliminated on consolidation.

Equity accounted investments

Investments in companies that the Corporation has significant influence over are accounted for under the equity method.

Cash and cash equivalents

Cash and cash equivalents consist of cash and short-term investments with maturities less than three months.

Valuation of investments

Investments (which are designated as held for trading) are recorded in the financial statements at their fair value at the end of the period, determined as follows:

<u>Publicly traded companies</u>

The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price (Level 1). The quoted bid price value of securities that are subject to a hold period will be valued with an appropriate discount (Level 2).

The market values can be impacted by trading volumes, restrictions and market price fluctuations, and the quoted market price may not be indicative of what the Corporation could realize on the immediate sale as it may take an extended period of time to liquidate positions without causing a significant negative impact on the market price.

<u>Privately held companies</u>

The fair value of any shares which are not listed or traded upon a stock exchange are originally recorded at cost, unless the shares are flow-through shares, in which case they are originally recorded either on an assessment of the most recent price at which the investee company issued common equity without flow-through characteristics or the cost reduced by a typical premium being paid by the Corporation for similar flow-through securities. After the initial transaction, adjustments are made to reflect any changes in value as a result of an independent third party transaction. Downward adjustments to the carrying values are also made when there is evidence of a decline in value, as indicated by an assessment of the financial condition of the investment based on operational results, forecasts and other developments (Level 3).

<u>Warrants</u>

Warrants are valued at nil during the period in which they are not exercisable and valued based on either quoted market values if traded or the amount by which the warrant is in the money (less an appropriate risk discount) when they become exercisable. A warrant is in the money when the stock price is greater than the exercise price of the warrant.

Any difference between the estimated fair value and the cost of the investments is treated as unrealized gains or losses in the statement of operations.

2. Significant accounting policies (continued)

Mineral properties

The cost of mineral properties and related exploration and development costs are deferred until the properties to which they relate are placed into production, sold or abandoned. These costs will be amortized on the unit-of-production method following the commencement of production or written-off if the properties are sold or abandoned. Management periodically assesses carrying values of non-producing properties and if management determines that the carrying values cannot be recovered or the carrying values are related to properties that are allowed to lapse, the unrecoverable amounts are expensed.

The recoverability of the carried amounts of mineral properties is dependent on the existence of economically recoverable ore reserves; the ability to obtain the necessary financing to complete the development of such ore reserves and the success of future operations. The Company has not yet determined whether any of its mineral properties contain economically recoverable reserves. Amounts capitalized as mineral properties represent costs incurred to date, less write-downs and recoveries, and do not necessarily reflect present or future values.

Capital assets

Capital assets are recorded at cost. Furniture and equipment are amortized using the declining balance method. On acquisitions during the year, amortization is calculated at one-half the annual rate. Annual amortization rates are as follows:

Automotive	30%
Computers	30% and 35%
Computer software	100%
Furniture and equipment	30%
Leasehold improvements	20%

Goodwill

Goodwill represents the excess of the purchase price of the Corporation's interest in a businesses acquired over the fair value of the underlying net identifiable tangible and intangible assets arising on acquisitions. The Corporation determines, at least once annually, whether the fair value of the business to which goodwill has been attributed is less than the carrying value of the business's net assets including goodwill, thus indicating impairment.

Deferred financing costs

Deferred financing costs represent the costs of negotiating and securing the Corporation's long-term debt facilities. The Corporation records all transaction costs for financial assets and financial liabilities as a reduction of the related asset or liability and the effective interest rate method is used to amortize these costs to operations.

2. Significant accounting policies (continued)

Income taxes

The Corporation uses the asset and liability method of accounting for income taxes. Under this method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis (temporary differences), and losses carried forward. Future tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. A valuation allowance is recorded against any future tax asset if it is more likely than not that the asset will not be realized. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of substantive enactment.

Earnings per share

Basic per share amounts are calculated using the weighted average number of shares outstanding during the period. Diluted per share amounts are calculated based on the treasury-stock method, which assumes that any proceeds received on exercise of options, or conversion of debentures would be used to purchase common shares at the average market price during the period. The weighted average number of shares outstanding is then adjusted by the net change.

Revenue recognition

Security transactions are recorded on a settlement basis. Realized gains and losses on the disposal of investments and unrealized gains and losses in the value of investments are reflected in the statement of operations and are calculated on an average cost basis. Upon disposal of an investment, previously recognized unrealized gains or losses are reversed, so as to recognize the full realized gain or loss in the period of disposition. All transaction costs are expensed as incurred. Interest income is recorded on the accrual basis.

Use of estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of appreciation (depreciation) of investments and expenses during the reporting period. Actual results could differ from these estimates.

2. Significant accounting policies (continued)

Changes in accounting policies

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.

Financial instruments

Effective January 1, 2009, the Corporation has adopted the amendments to Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862 Financial Instruments - Disclosures. Section 3862 establishes a three tier hierarchy as a framework for disclosing fair value based on the inputs used to value the Corporation's investments. The hierarchy of inputs is summarized below:

Level 1 - defined as quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - defined as inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
Level 3 - defined as inputs for the asset or liability that are not based on observable market data (unobservable inputs)

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 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.

2. Significant accounting policies (continued)

Future accounting policies

International financial reporting standards ("IFRS")

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 GAAP financial statements may be significantly different when presented in accordance with IFRS. At this time, management does believe that there will be some changes to the accounting policies of the Corporation. A detailed comprehensive review is underway and will be completed in 2010.

Business combinations

In January 2009, the CICA issued the new Handbook Section 1582 "Business Combination", effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of Section 1582 is permitted. This pronouncement further aligns Canadian GAAP with US GAAP and IFRS and changes to accounting for business combinations in a number of areas. It establishes principles and requirements governing how an acquiring company recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, any non-controlling interest in the acquiree, and goodwill required. The section also establishes disclosure requirements that will enable users of the acquiring company's financial statements to evaluate the nature and financial effects of its business combinations. The Corporation is considering the impact of adopting this pronouncement on the consolidated financial statements.

Consolidated financial statements and non-controlling interests

In January 2009, the CICA issued a new handbook Section 1601, Consolidated Financial Statements and Section 1602, Non-controlling Interest, effective for fiscal years beginning on or after January 1, 2011. Earlier adoption of these recommendations is permitted. These pronouncements further align Canadian GAAP with US GAAP and IFRS. Sections 1601 and 1602 change the accounting and reporting for ownership interests in subsidiaries held by parties other than the parent. Non-controlling interests are to be presented in the consolidated net income attributable to the parent and the non-controlling interest is to be clearly identified and presented on the face of the consolidated statement of income. In addition, these pronouncements establish standards for a change in a parent's ownership interest in a subsidiary and the valuation of retained non-controlling equity investments when a subsidiary is deconsolidated. They also establish reporting requirements for providing sufficient disclosures that clearly identify and distinguish between the interests of the parent and interests of the non-controlling owners. The Corporation is considering the impact of adopting these pronouncements on its consolidated financial statements in connection with the conversion to IFRS.

3. Equity investments

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

	Shares/Warrants	Cost	Fair Value
Metals and Mining			
Alix Resources Corp. (1)	1,511,000	$ 107,762	$ 67,995
Alix Resources-Warrants	1,075,000	-	-
Angus Resources Inc. (1)	30,000	3,000	-
Athabasca Potash Inc. (2)	2,254,000	4,062,684	13,073,200
Bacanora Minerals Ltd. (1)	850,000	210,000	191,250
Bending Lake Iron Group Ltd. (3)	1,300,000	1,078,570	1,078,570
Bralorne Gold Mines Ltd. (1)	267,000	253,450	205,590
Bralone Gold Mines Ltd.- Warrants	263,000	-	-
Canada Gold Corp. (1)	75,000	24,750	26,250
Canada Gold Corp. - Warrants	37,500	-	-
Canadian Shield Resources Ltd. (1)	313,000	250,400	701,120
Claude Resources Inc. (2)	56,000	56,593	68,880
Copper Canyon Resources Ltd. (1)	2,690,035	331,359	430,406
Copper Reef Mines Ltd. (4)	2,322,000	669,983	464,400
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Dumont Nickel Inc. (1)	9,505,000	118,524	142,575
Dumont Nickel Inc. – Warrants	5,000,000	-	-
Eagle Plains Resources Ltd. (1)	3,443,500	644,344	619,830
Eagle Plains Resources Ltd.- Warrants	1,075,000	-	-
El Nino Ventures Inc. (1)	1,342,540	105,111	181,243
El Nino Ventures Inc. – Warrants	1,250,000	-	-
ESO Uranium Corp. (1)	590,000	485,180	26,550
Formation Metals Inc.-Warrants	100,000	-	-
Gobimin Inc. (1)	414,000	361,882	343,620
Gold Key Capital Corp. (1)	400,000	100,000	20,000
Goldcliff Resource Corp. (1)	6,006,500	642,179	870,943
Goldcliff Resource Corp. - Warrants	1,750,000	-	-
Great Western Minerals Group Ltd. (1)	30,000	7,076	8,550
Halo Resources Ltd.(1)	881,915	408,188	57,324
Hana Mining Ltd. (1)	13,000	8,350	15,860
Harmony Gold Corp. (1)	285,714	100,000	101,428
Hathor Exploration Ltd. (1)	25,086	77,881	44,653
Hinterland Metals Inc. (1)	833,332	50,000	58,334
Hinterland Metals Inc. – Warrants	416,666	-	-
JNR Resources Inc. (1)	100,000	22,331	24,000
J-Pacific Gold Inc.(1)	391,000	156,400	35,190
Kent Exploration Inc. (1)	506,000	65,909	88,550
Kent Exploration Inc.-Warrants	250,000	-	-
Kimpar Resources Inc. (3)	1,104,000	669,643	669,643
Kimpar Resouces Inc. – Warrants	552,000	-	-
Kirrin Resources Inc. (1)	1,671,429	234,000	183,857
Kobex Minerals Ltd. (1)	173,425	134,712	163,020
Lakota Resources Inc. (1)	4,918,441	326,110	-

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Laurion Mineral Exploration Inc.(1)	2,077,665	230,767	93,495
Laurion Mineral Exploration Inc.-Warrants	1,063,832	-	-
Nebu Resources Inc. (1)	566,667	85,000	235,167
Nebu Resources Inc.- Warrants	283,333	-	-
Newsk Emerging Resources Ltd. (3)	1,691,848	1,691,848	1,488,826
Niogold Mining Corp. (1)	469,800	117,450	150,336
Niogold Resources Inc. – Warrants	234,900	-	-
Northern Freegold Resources (1)	459,052	237,762	142,306
NuCoal Energy Corp. (3)	2,446,770	1,688,804	1,688,804
Olivut Resources Ltd. (1)	197,000	40,900	39,400
Otis Gold Corp. (1)	139,423	86,084	72,500
Otis Gold Corp. – Warrants	38,462	-	-
Playfair Mining Ltd. (1)	1,608,000	89,944	112,560
Puget Ventures Inc. (1)	221,667	75,383	67,608
Puget Ventures Inc.- Warrants	83,333	-	-
Red Rock Energy Inc. (1)	1,815,000	983,828	181,500
Rochester Resources Ltd. (1)	34,000	21,785	6,800
Rockport Mining Corp. (3)	486,274	364,721	364,721
Roxgold Inc. (1)	740,000	316,750	29,600
Salazar Resources Ltd. (1)	85,000	68,000	87,550
Salazar Resources Ltd. – Warrants	85,000	-	-
Sandspring Resources Inc. (1)	85,100	27,077	102,120
Sandspring Resources Inc. – Warrants	118,250	-	-
Senator Minerals Inc. (1)	938,000	34,970	51,590
Senator Minerals Inc. – Warrants	375,000	-	-
Sheltered Oak Resources Corp. (1)	1,000,000	80,000	125,000
Shore Gold Inc. (2)	191,500	135,793	181,925
Skeena Resources Ltd. (1)	2,237,500	199,606	302,063
Skeena Resources Ltd.-Warrants	1,100,000	-	-
Soltoro Ltd. (1)	175,000	8,750	66,500
Stikine Gold Corporation (1)	521,167	141,152	166,773
Tanzania Minerals Corp. (3)	500,000	25,000	25,000
Tirex Resources Ltd. (1)	105,000	73,500	50,400
Ucore Uranium Inc.- Warrants	125,000	-	-
UEX Corp. (2)	5,000	3,000	5,250
Uranium North Resources Corp. (1)	833,333	58,333	83,333
Virginia Energy Resources Inc. (1)	88,000	100,000	29,040
Volcanic Capital Corp. (1)	100,000	23,000	30,000
Wallbridge Mining Company Limited (2)	677,780	125,389	166,056
Wescan Goldfields Inc. (1)	3,708,056	1,045,837	500,588
Wescan Goldfields Inc. –Warrants	694,445	-	-
Westcore Energy Inc. (1)	2,246,500	1,236,668	1,325,435
Western Potash Corporation. - Warrants	100,000	-	-
Weststar Resources Corp. - Warrants	100,000	-	-
Wildcat Exploration Ltd. (1)	1,075,000	292,692	150,500

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Xtierra Inc. (1)	70,000	3,650	11,900
Xtierra Inc. - Warrants	35,000	-	-
Oil & Gas			
0856348 BC Ltd. (3)	154,000	$ 46,200	$ 46,200
08586348 BC Ltd. – Warrants	77,000	-	-
Beaufield Resources Ltd. (1)	525,000	63,853	68,250
Bulldog Oil & Gas Ltd. (3)	55,000	137,500	137,500
Cheyenne Energy Corp. (5)	714,280	249,998	-
Colonia Energy Corp. (1)	1,000,000	200,000	230,000
Enhanced Oil Resources-Warrants	125,000	-	-
Fair Sky Resources Inc. (5)	65,570	199,989	-
Greencastle Resources Ltd. (1)	603,000	83,060	93,465
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	870,000	68,954	43,500
KFG Resources Ltd.- Warrants	270,000	-	-
Lion Energy Corp. (1)	1,570,500	339,942	298,395
Nordic Oil & Gas Ltd. (1)	1,028,870	139,648	118,320
Nordic Oil & Gas Ltd.-Warrants	427,935	-	-
Nuloch Resource Inc. (1)	367,000	259,000	311,950
Pacific Rodera Energy Inc. (1)	75,000	18,332	24,000
Panwestern Energy Inc. (1)	3,467,822	1,053,063	693,564
Panwestern Energy Inc.-Warrants	1,250,000	-	-
Petro Uno Resources Ltd. (1)	115,000	11,500	69,000
Prairie Hunter Energy Corp. (3)	2,950,059	3,111,807	2,950,059
Rallyemont Energy Inc. (3)	3,500,000	350,000	350,000
Ruby Energy Inc. (3)	916,996	550,198	484,174
Welton Energy Corporation (5)	147,059	100,000	-
Wilton Resources Inc. (1)	10,000	9,780	10,500

3. Equity Investments (continued)

	Shares/Warrants	Cost	Fair Value
Other			
Colorado Resources Corp. (3)	750,000	150,000	150,000
Grafton Resource Investments Ltd. (3)	21,985	1,000,003	1,012,514
Kenna Capital Corp. (3)	1,000,000	100,000	100,000
Lex Capital Partners Inc. (3)	200	200,000	200,000
Meize Energy Industry Holdings Ltd. (3)	60,000	300,000	300,000
Pinetree Capital Ltd. (2)	400,000	922,590	848,000
Troy Energy Corp. (1)	2,140,000	204,942	449,400
		$ 31,404,816	**$ 37,140,911**

(1) Listed on TSX Venture Exchange
(2) Listed on TSX
(3) Private
(4) Listed on CNQ Exchange
(5) Defunct/Delisted

3. 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. (1)	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
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

3. 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

4. Loans and advances receivable

	December 31 2009	December 31 2008
Newsk Emerging Resources Ltd.	$ 1,301,892	$ -
49 North 2009 Flow Though LP	872,909	
Kimpar Resources Ltd.	492,833	
How 2 Energy Ltd.	271,605	300,000
Unrelated individuals	169,956	-
Lakota Resources Inc.	-	123,529
	$ 3,109,195	**$ 423,529**

The Newsk Emerging Resources Ltd. loan is due on demand, bears interest at the Bank of Canada prime lending rate and is secured by certain working interest and royalties. The 49 North 2009 Flow Through LP loan is $872,909 with no interest terms. The Kimpar Resources Ltd. loans are due on demand, bear interest at a rate of 12%, $300,000 plus interest of the loans are convertible into shares of Kimpar Resources Ltd. at a price per share of $0.25, while $175,000 plus interest is repayable based on revenue of Kimpar Resources Ltd. and a perpetual net profit interest in certain properties. The How 2 Energy Ltd. loan is due on demand and bears interest at a rate of prime plus 2%. The loans to unrelated individuals bear interest at rates between prime plus 2% and 5% During the year, the loan to Lakota Resources Inc. was converted to 2,102,941 shares of that company.

5. Mineral properties

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

6. Purchase of North Rim Exploration Ltd.

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. The acquisition of the North Rim shares was completed in two installments on November 2, 2009 and December 31, 2009 respectively.

The acquisition was accounted for using the purchase method and the following table summarizes the preliminary estimated fair value of the assets acquired and liabilities assumed at the December 31, 2009. These allocations are subject to adjustment on the completion of the valuation process.

Net assets acquired	
Current assets	$1,030,104
Property, plant and equipment	61,625
Goodwill	394,740
	1,486,469
Current liabilities	442,715
Minority interest	292,254
	$ 751,500
Consideration	
Cash	$ 376,500
Promissory note to vendor	375,000
	$ 751,500

7. Capital assets

	December 31 2009			December 31 2008
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Automotive	$ 65,926	$ 53,583	$ 12,343	$ -
Computers and software	150,085	124,712	25,373	-
Furniture and equipment	135,716	56,372	79,344	77,736
Leasehold improvements	145,274	39,940	105,334	127,059
	$ 497,001	$ 274,607	$ 222,394	$ 204,795

8. Bank indebtedness

Bank indebtedness consists of margin borrowing secured by the Corporation's investments held at each brokerage house. Interest is charged on the daily outstanding balance at a tiered rate equal to the brokerage houses overnight rate plus a percentage ranging from 2.0% to 2.5% depending on the amount of margin used.

9. Related party transactions

During the year ended December 31, 2009, management fees of $528,063 (2008 - $362,144) and reimbursements of $105,211 (2008 - $62,596) were incurred or accrued to TMM Portfolio Management Inc. ("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.

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) 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.

10. Promissory note payable

As part of the acquisition of North Rim, the Corporation issued a $375,000 promissory note payable to the vendor. Interest is charged at the Royal Bank of Canada prime rate plus 2%. Principal and interest payments will be repaid in no more than eight semi-annual consecutive instalments which will be based on a percentage of net earnings of North Rim. Any amount still payable after the eighth semi-annual period will be waived by the vendor. The promissory note is secured by the North Rim shares acquired.

11. 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.

11. Convertible debentures (continued)\

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 Corporation'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.

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.

	December 31 2009	**December 31 2008**
Face value of convertible debentures	$ 5,000,000	$ 5,000,000
Plus: accretion	379,149	106,581
Less: debt issue costs	(160,000)	(160,000)
Equity portion of convertible debenture	(734,500)	(734,500)
	$ 4,484,649	**$ 4,212,081**

12. Future 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 income tax assets and liabilities are as follows:

	December 31 2009	December 31 2008
Future income tax asset (liability)		
Non-capital loss carryforwards	$ 714,433	$ 699,766
Deferred share issue costs	354,917	88,365
Investments	(3,119,135)	(662,189)
	$ (2,049,785)	**$ 125,942**

13. 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	(140,800)	(293,783)
Share issue costs, net of tax	-	(1,192,238)
Balance, December 31, 2009	**8,345,572**	**$ 40,506,340**

During the year, 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 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.

13. Common 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. 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 year is presented below.

	December 31, 2009		December 31, 2008	
	Options	**Price**	**Options**	**Price**
Outstanding, beginning of year	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 year	**295,000**	**$ 2.03**	**75,000**	**$ 10.00**

During the year, the board of directors of the Corporation approved the grant of 320,000 stock options pursuant to the Corporation's 2008 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.

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:

	Warrants	Average Price
Balance, December 31, 2008	**-**	**$ -**
Granted	3,942,041	3.50
Balance, December 31, 2009	**3,942,041**	**$ 3.50**

13. Common shares and contributed surplus (continued)

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:

	Warrants	Average Price	Fair Value
Balance, December 31, 2008	-	$ -	$ -
Granted	312,992	2.75	387,162
Balance, December 31, 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:

	December 31 2009	**December 31 2008**
Balance, beginning of year	$ 635,818	$ -
Fair value of broker warrants	387,162	-
Fair value of stock options granted	442,891	635,818
Balance, end of year	**$ 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.

Normal course issuer bid ("NCIB")

The Corporation, in August 2008, announced its intention to commence a NCIB pursuant to which it could 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 the maximum of 185,865 common shares were repurchased. The Corporation, in July 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 6, 2010 and the date which the Corporation has repurchased the 720,823 common shares. 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 140,800 shares for the year ended December 31, 2009.

14. Note to statement of cash flow

During the year, non-cash financing and investing activities were as follows:

	December 31 2009	December 31 2008
Common shares issued for investments	$ 12,661,023	$ 19,415,209
Broker warrants issued	$ 387,162	-

15. 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.

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 December 31, 2009.

16. 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 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 has sufficient marketable securities which are freely tradable and relatively liquid to fund its obligations as they become due under normal operating conditions.

16. Financial instruments (continued)

(a) Liquidity risk: (continued)

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.

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.

(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 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 December 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 December 31, 2009 the Corporation had loans and advances receivable totalling $3,109,195 (2008 - $423,529) which represents approximately 7.4% (2008 – 4.9%) 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.

16. Financial instruments (continued)

The following is a summary of the inputs used as of December 31, 2009 in valuing the Corporation's investments carried at fair value as discussed in Note 2:

	Level 1	Level 2	Level 3	Total
Investments, at fair value	$ 26,040,256	$ 1,212,515	$ 9,888,140	$ 37,140,911

For the year ended December 31, 2009, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at January 1, 2009	$ 2,384,591
Additional investments	7,703,549
Disposal of investment	(200,000)
Balance at December 31, 2009	$ 9,888,140

During 2009, there were no transfers in or out of the Level 3 investments.

17. Commitments

The Corporation has committed to purchase an additional $800,000 of units in Lex Capital Inc.

18. Segmented information

The Corporation is a resource investment, financial, managerial and geological 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. As at December 31, 2009, the Corporation has three reportable segments: merchant banking and resource investment, mineral exploration and geological advisory.

	Resource Investment	**Geological Advisory**	**Mineral Exploration**	**Total**
Equity investments, at fair value	$ 37,140,911	$ -	$ -	$ 37,140,911
Loans and advances receivable	3,109,195			3,109,195
Accounts receivable	-	883,881	-	883,881
Mangement fee	11,183			11,183
Mineral properties and deposits	-	-	309,432	309,432
Goodwill	-	394,740	-	394,740
Capital assets	160,769	61,625	-	222,394
	$ 40,422,058	**$ 1,340,246**	**$ 309,432**	**$ 42,071,736**
Bank indebtedness	$ 2,169,301	$ (146,223)	$ -	$ 2,023,078
Accounts payable	448,795	507,402	-	891,510
Convertible debentures	4,484,649	-	-	4,484,649
Promissory note payable	-	375,000	-	375,000
Future income taxes	2,049,785	-	-	2,049,785
	9,152,530	**736,179**	**-**	**9,824,022**
Minority interest	**-**	**292,254**	**-**	**292,254**

19. Comparative figures

The comparative figures were adjusted to conform with the current year presentation.

20. Subsequent events

On February 1, 2010, the Corporation completed its Roll-over Transaction with 49 North 2009 Resource Flow-Through Limited Partnership (the "2009 Fund"). Effective February 1, 2010, the 2009 Fund transferred substantially all of its assets - valued at $7,572,149 - on a tax deferred "roll-over" basis to the Corporation in exchange for 4,351,810 common shares of the Corporation. Following the transfer, the 2009 Fund was wound up and dissolved and the common shares were distributed to the partners of the 2009 Fund. As a result, each (former) limited partner of the 2009 Fund received approximately 5.224 common shares for each limited partnership unit they formerly held in the 2009 Fund. The transaction also resulted in the number of outstanding common shares of the Corporation increasing to 12,754,883 immediately after the transaction.

On March 25, 2010, the board of directors of the Corporation approved a grant of 280,000 stock options pursuant to the Corporation's 2008 Stock Option Plan. 195,000 of the options were granted to directors and executive officers with the balance granted to employees. The options are exercisable at $2.35 per share, and if not exercised, expire March 25, 2020, subject to earlier expiration in accordance with the 2008 Stock Option Plan and applicable policies of the TSX Venture Exchange.

Effective April 12, 2010 the Corporation acquired 89.5% of the issued and outstanding common shares of AllStar Energy Limited, a private company with oil and gas assets in the Kindersley area of Saskatchewan for $3,481,005.66 cash.