



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2011

(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.
Condensed Consolidated Interim Statement of Financial Position
(unaudited)

	March 31 2011	December 31 2010 (Note 21)	January 1, 2010 (Note 21)
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,936,798	\$ 1,526,415	\$ -
Equity instruments, at fair value (Note 3)	48,330,935	45,470,707	37,140,911
Loans and advances receivable (Note 4)	5,637,496	6,378,921	3,109,195
Management fees receivable	-	-	11,183
Accounts receivable and prepaid expenses	3,176,936	2,489,368	883,881
	59,082,165	55,865,411	41,145,170
Non-current assets			
Exploration and evaluation assets (Note 5)	8,317,745	5,981,072	309,432
Goodwill (Note 6)	1,367,901	1,621,222	394,740
Property, plant and equipment (Note 7)	15,352,461	12,727,211	222,394
Deferred income tax assets (Note 14)	-	-	1,069,350
Total assets	\$ 84,120,272	\$ 76,194,916	\$ 43,141,086
LIABILITIES			
Current liabilities			
Bank indebtedness (Note 8)	\$ -	\$ -	\$ 2,023,078
Accounts payable and accrued liabilities	3,532,672	4,223,727	891,510
Management fees and reimbursements payable (Note 9)	119,384	116,624	-
Current portion of convertible debentures (Note 10)	4,900,060	4,800,119	-
Current portion of loans payable (Note 11)	-	1,815,773	-
Income taxes payable	20,121	123,409	-
	8,572,237	11,079,652	2,914,588
Non-current liabilities			
Convertible debentures (Note 10)	3,854,188	3,780,957	4,484,649
Loans payable (Note 11)	1,362,919	1,275,800	-
Promissory note payable (Note 12)	541,303	541,303	375,000
Decommissioning liabilities (Note 13)	193,263	168,747	-
Deferred income tax liabilities (Note 14)	5,593,146	5,013,674	3,119,153
Total liabilities	20,117,056	21,860,133	10,893,390
Commitments and contingencies (Note 17)			
EQUITY			
Common shares (Note 15)	56,193,773	47,233,937	40,506,340
Contributed surplus (Note 15)	2,085,976	2,619,582	1,465,871
Equity portion of convertible debentures (Note 10)	1,440,321	1,440,321	734,500
Retained earnings (deficit)	3,269,466	737,944	(10,751,251)
	62,989,536	52,031,784	31,955,460
Non-controlling interest	1,013,680	2,302,999	292,254
Total liabilities and equity	\$ 84,120,272	\$ 76,194,916	\$ 43,141,104

Approved by the Board

Director

Director

49 North Resources Inc.
Condensed Consolidated Interim Statement of Income
(unaudited)

For the three month period ended	March 31, 2011	March 31, 2010 (Note 21)
Revenues		
Geological consulting	\$ 701,160	\$ 908,293
Realized gains	2,899,375	15,493,777
Oil and gas sales	1,653,596	-
Unrealized (losses) gains	1,748,478	(7,219,759)
Royalty income	28,145	-
Interest, rent and dividend income	149,906	99,204
	7,180,660	9,281,515
Expenses		
Amortization and depletion	501,908	-
Business development and investor relations	259,309	267,488
Finance	457,665	232,422
Management fees (Note 9)	292,427	225,065
General and administrative	326,543	116,852
Oil and gas operations	637,382	-
Professional fees	177,135	142,698
Project costs	92,072	150,356
Share based compensation	-	557,393
Transaction costs	821,566	38,917
Wages and benefits	546,373	442,157
	4,112,380	2,173,348
Income before income taxes	3,068,280	7,108,167
Current income tax	13,000	1,468,265
Deferred income tax	510,706	1,144,446
Net income	\$ 2,544,574	\$ 4,495,456
Net income to common shareholders	2,531,522	4,415,191
Net income to non-controlling interest	13,052	80,265
Net income	\$ 2,544,574	\$ 4,495,456
Basic income per share	\$ 0.18	\$ 0.40
Diluted income per share	\$ 0.17	\$ 0.39
Weighted average number of shares outstanding	14,029,150	11,136,318

49 North Resources Inc.
Condensed Consolidated Interim Statement of Changes in Equity
(unaudited)

	Common Shares	Share Capital	Contributed Surplus	Equity portion of convertible debentures	Deficit	Equity attributable to shareholders
Balance, January 1, 2010	8,345,572	\$ 40,506,340	\$ 1,465,871	\$ 734,500	\$ (10,751,251)	\$ 31,955,460
Exchange of units of the 2009 Fund	4,351,810	7,572,149	-	-	-	7,572,149
Shares repurchased and cancelled	(45,999)	(100,978)	-	-	-	(100,978)
Share based compensation expense	-	-	557,393	-	-	557,393
Net loss and comprehensive loss	-	-	-	-	4,415,191	4,415,191
Balance, March 31, 2010	12,651,383	\$ 47,977,511	\$ 2,023,264	\$ 734,500	\$ (6,336,060)	\$ 44,399,215

	Common Shares	Share Capital	Contributed Surplus	Equity portion of convertible debentures	Retained Earnings	Equity attributable to shareholders
Balance, January 1, 2011	12,298,483	\$ 47,233,937	\$ 2,619,582	\$ 1,440,321	\$ 737,944	\$ 52,031,784
Exchange of units of the 2010 Fund	2,714,122	8,105,809	-	-	-	8,105,809
Warrants exercised	253,953	940,674	(16,941)	-	-	923,733
Stock options exercised	8,510	36,939	(130,837)	-	-	(93,898)
Investment in subsidiary	-	-	(385,828)	-	-	(385,828)
Shares repurchased and cancelled	(42,700)	(114,860)	-	-	-	(114,860)
Share issue costs (net of tax)	-	(8,726)	-	-	-	(8,726)
Net loss and comprehensive loss	-	-	-	-	2,531,522	2,531,522
Balance, March 31, 2011	15,232,368	\$ 56,193,773	\$ 2,085,976	\$ 1,440,321	\$ 3,269,466	\$ 62,989,536

49 North Resources Inc.
Condensed Consolidated Interim Statement of Cash Flows
(unaudited)

For the three month period ended	March 31 2011	March 31 2010
Cash flows from Operating Activities		
Net income	\$ 2,531,522	\$ 4,415,191
Items not affecting cash		
Realized (gain) loss	(2,899,375)	(15,493,777)
Share-based compensation	-	557,393
Accretion of convertible debenture	173,092	78,868
Amortization and depletion	501,908	24,665
Deferred income taxes	510,706	1,144,446
Goodwill impairment	253,321	-
Unrealized loss (gain) on investments	(1,748,478)	7,219,759
Net changes in non-cash working capital items related to operations:	(1,293,220)	1,798,593
	(1,970,524)	(254,862)
Cash flows from Investing Activities		
Purchase of capital assets	(2,603,413)	(128,098)
Purchase of investments	(5,111,746)	(7,282,128)
Proceeds from disposal of investments	8,648,392	20,913,463
Purchase of mineral properties and deposits	-	(2,126)
Loans repayments	741,425	909,570
Cash received on consolidation	-	114,125
	1,674,658	14,524,806
Cash flows from Financing Activities		
Proceeds from warrants and options exercised	821,109	-
Repurchase of common shares	(114,860)	(100,978)
	706,249	(100,978)
Net increase (decrease) in cash during the year	410,383	14,168,966
Cash, beginning of period	1,526,415	(2,023,078)
Cash, end of period	\$ 1,936,798	\$ 12,145,888
Supplemental cash flow information		
Cash interest paid in the period	\$ -	\$ 6,595

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

1. Description of business

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.

2010 Fund Roll-over Transaction

During 2010, 49 North 2010 Resource Flow-Through Limited Partnership (the “2010 Fund”) raised \$8,980,210 on the issuance of 898,021 limited partnership units (the “2010 Units”) in an initial public offering and a private placement. Prior to December 31, 2010, the 2010 Fund invested a substantially equal amount in a portfolio of flow-through shares. Effective February 1, 2011, the 2010 Fund transferred substantially all of their respective assets - valued at \$8,088,084 on a tax deferred "roll-over" basis to the Corporation in exchange for 2,714,122 common shares of the Corporation. Following these transfers, the 2010 Fund was wound up and dissolved and these 2,714,122 common shares of the Corporation were distributed amongst the (former) partners of the 2010 Fund. As a result, each (former) limited partner of the 2010 Fund received approximately 3.022 shares of the Corporation for each 2010 Unit they previously held. The transaction resulted in the number of outstanding common shares of the Corporation increasing to 15,012,605 immediately after the transaction.

2. Significant accounting policies

The significant accounting policies used in the presentation of these unaudited interim consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented.

Statement of compliance

These consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) issued by the International Accounting Standards Board (“IASB”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) which the Corporation expects to adopt in its annual consolidated financial statements as at and for the year ended December 31, 2011.

These are the Corporation’s first IFRS unaudited interim consolidated financial statements for part of the period covered by the Corporation’s first IFRS consolidated annual financial statements for the year ending December 31, 2011. Previously, the Corporation prepared its consolidated annual and consolidated interim financial statements in accordance with Canadian Generally Accepted Accounting Principles (“CGAAP”).

As these are the Corporation’s first set of interim consolidated financial statements in accordance with IFRS, the Corporation’s disclosures exceed the minimum requirements under IAS 34. The Corporation has elected to exceed the minimum requirements in order to present the Corporation’s accounting policies in accordance with IFRS and the additional disclosures required under IFRS, which also highlight the changes from the Corporation’s 2010 annual consolidated financial statements prepared in accordance with CGAAP.

In fiscal 2012 and beyond, the Corporation may not provide the same amount of disclosure in the Corporation’s interim consolidated financial statements under IFRS as the reader will be able to rely on the annual consolidated financial statements which will be prepared in accordance with IFRS.

The disclosures that accompany these interim consolidated financial statements are limited to the significant accounting policies applied and significant judgements and estimates applicable to the preparation of the consolidated financial statements and the other disclosure requirements of IFRS 1, First Time Adoption of International Financial Reporting Standards relevant to the consolidated financial statements (see Note 21).

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Basis of preparation

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for certain financial instruments which have been measured at fair value. These interim financial statements are prepared in Canadian dollars, which is the Corporation's functional currency. Certain of the comparative figures have been reclassified to conform with the current period presentation.

Basis of consolidation

These consolidated financial statements include the accounts of the Corporation's 50% owned subsidiary North Rim Exploration Ltd. ("North Rim"), its 89.5% owned subsidiary Allstar Energy Limited ("Allstar"), its 80% owned subsidiary Kimpar Resources Inc. ("Kimpar") and its special purpose entity Newsk Emerging Resources Ltd. ("Newsk"). All inter-company accounts have been eliminated on consolidation. Investments are consolidated where the Corporation has the ability to exercise control. Control is achieved when the Corporation has the power to govern the financial and operating policies of the entity. For non wholly-owned subsidiaries, the net assets attributable to outside equity shareholders are presented as "non-controlling interests" in the equity section of the consolidated statement of financial position.

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:

Publicly traded companies

The fair value of any security which is listed or traded upon a stock exchange is estimated by taking the latest bid price (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.

Privately held companies

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

Warrants

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 when they become exercisable. A warrant is in the money when the stock price is greater than the exercise price of the warrant (Level 1).

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.

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Exploration and evaluation assets

Pre-license costs

Pre-license costs are costs incurred before the legal rights to explore a specific area have been obtained. These costs are expensed in the period in which they are incurred as exploration and evaluation expense.

Exploration and evaluation ("E&E") costs

Once the legal right to explore has been acquired, costs directly associated with the exploration project are capitalized as either tangible or intangible exploration and evaluation assets according to the nature of the asset acquired. Such E&E costs may include undeveloped land acquisition, geological, geophysical and seismic, exploratory drilling and completion, testing, decommissioning and directly attributable internal costs. E&E costs are not depleted and are carried forward until technical feasibility and commercial viability of extracting a mineral resource is considered to be determined. The technical feasibility and commercial viability of a mineral resource is considered to be established when proved and/or probable reserves are determined to exist. All such carried costs are subject to technical, commercial and management review at least once a year to confirm the continued intent to develop or otherwise extract value from the exploratory activity. When this is no longer the case, impairment costs are charged to exploration and evaluation expense. Upon determination of proved and/or probable reserves, E&E assets attributed to those reserves are first tested for impairment and then reclassified to development and production assets within property, plant and equipment, net of any impairment. Expired land costs are also expensed to exploration and evaluation expense as they occur.

E&E assets are assessed for impairment if facts and circumstances suggest that the carrying amount exceeds the recoverable amount, and upon transfer to property, plant and equipment whereby they are allocated to cash-generating units based on geographical proximity and other factors.

Property, plant and equipment ("PP&E")

Property, plant and equipment include the costs of development and production that are not E&E assets, and costs for corporate (office) assets. PP&E is recorded at cost less accumulated depletion and depreciation and accumulated impairment losses, net of recovered impairment losses.

Oil and gas development and production assets

Development and production assets are capitalized on an area-by-area basis and include all costs associated with the development and production of oil and natural gas reserves. These costs may include proved property acquisitions, development drilling (including unsuccessful or delineation wells), completion, gathering and infrastructure, decommissioning costs, amounts transferred from E&E assets and directly attributable internal costs. Borrowing costs are capitalized during the construction phase of qualifying assets.

Expenditures related to renewals or betterments that improve the productive capacity or extend the life of an asset are capitalized. Maintenance and repairs are expensed as incurred.

Any gains or losses from the divestiture of development and production assets are recognized in earnings. Accumulated costs are depleted using the unit-of-production method based on estimated proved plus probable reserves. Costs subject to depletion include estimated future costs to be incurred in developing proved plus probable reserves and exclude residual amounts. Depletion is calculated based on individual components (i.e. fields or combinations thereof and other major components with different useful lives).

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Property, plant and equipment ("PP&E") (continued)

Other assets

Other capital assets are recorded at cost and 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%
Buildings	10%
Computers	30% and 35%
Computer software	100%
Furniture and equipment	30%
Gas line	4%
Leasehold improvements	20%
Processing facility	10%

Impairment of non-current assets

The carrying amounts of the Corporation's property, plant and equipment are reviewed at each reporting date for indicators of impairment. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the amount of the impairment, if any. The recoverable amount of an asset is evaluated at the Cash Generating Unit ("CGU") level, which is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

The recoverable amount of a CGU is the greater of its fair value less costs to sell and its value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized in earnings for the period to the extent that the carrying amount of the asset (or CGU) exceeds the recoverable amount.

Impairment losses recognized in prior periods are assessed at each reporting date for any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount. An impairment loss is reversed only to the extent that the carrying amount of the asset (or CGU) does not exceed the carrying amount that would have been determined, net of depletion and depreciation, had no impairment loss been recognized for the asset (or CGU).

A reversal of an impairment loss is recognized immediately in earnings.

E&E assets are assessed for impairment when they are reclassified to property, plant and equipment, or if facts and circumstances suggest that the carrying amount exceeds the recoverable amount.

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Provisions

Provisions are recorded when the Corporation has a present obligation as a result of a past event, it is probable that an outflow of resources will be required and a reliable estimate can be made of the amount of the obligation. Provisions are measured based on the discounted expected cash flows.

Decommissioning liabilities are recognized for the future legal or constructive obligation to abandon and reclaim the Corporation's oil and natural gas properties. The amount of the decommissioning liabilities represents the net present value of the estimated future expenditures required to abandon and reclaim the Corporation's net ownership in wells and facilities determined in accordance with local conditions, current technology and current requirements. The liabilities are calculated using currently estimated abandonment and reclamation costs inflated to the estimated decommissioning date and then discounted using a risk free discount rate. A liability is recorded in the period in which an obligation arises with a corresponding decommissioning cost added to the carrying amount of the related asset. The liability is progressively accreted over time as the effect of discounting unwinds, creating an accretion expense which is recognized as part of finance expense. The related decommissioning cost capitalized in property, plant and equipment is depreciated in a manner consistent with the depletion and depreciation of the underlying asset.

Changes in the estimated liability resulting from revisions to estimated timing of decommissioning, expected amount of cash flows or changes in the discount rate are recognized as a change in the decommissioning liability and the related decommissioning cost. Actual decommissioning expenditures incurred are charged against the accumulated liability to the extent recorded.

Goodwill

Goodwill represents the excess of the purchase price of the Corporation's interest in 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 income taxes

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and are accounted for using the liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities, and when they relate to income taxes levied by the same taxation authority and the Corporation intends to settle its current tax assets and liabilities on a net basis.

The recognition of deferred income tax assets is limited to the amount that is considered to be probable to be realized. The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on income tax rates and income tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred income tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects to recover or settle the carrying amount of its assets and liabilities.

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognized as a reduction of equity, net of any tax effects.

Share based payments

Options and warrants granted are accounted for using the fair value method. Under this method, the fair value of stock options and warrants granted are measured at estimated fair value at the grant date and recognized over the vesting period. Consideration received on the exercise of stock options is recorded as share capital and the related contributed surplus on options granted is transferred to share capital.

The Corporation uses the Black-Scholes option-pricing method to determine the fair value of these incentives taking into consideration terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

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 for stock options and warrants, 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. Diluted earnings per share amounts also include exchangeable shares using the “if-converted” method to determine the dilutive effect of convertible debentures, whereby it is assumed the conversion of the exchangeable shares occurs at the beginning of the reporting period (or at the time of issuance, if later) where applicable.

Revenue recognition

Security transactions are recorded on a trade 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.

- Geological consulting revenue is recognized as the services are provided to the client.
- Production revenue is recognized when the oil and gas is delivered to the buyer.
- Dividend income is recognized when the dividends are declared.
- Interest and rental income are recognized on an accrual basis.
- Royalty income received from projects in which the Corporation has an interest is recorded when received or receivable if the amount can be reasonably estimated.

Business combinations

Business combinations are accounted for using the acquisition method. The acquired identifiable net assets are measured at their fair value at the date of acquisition. Any excess of the purchase price over the fair value of the net assets acquired is recognized as goodwill. Any deficiency of the purchase price below fair value is recognized as a gain in earnings. Associated transaction costs are expensed when incurred through the statement of earnings.

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
(unaudited)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the consolidated financial statements and reported amounts of revenues and expenses during the reporting period.

Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. The information about significant areas of estimation uncertainty considered by management in preparing the consolidated financial statements are:

- fair value of investment in securities not quoted in an active market or private company investments;
- the recoverable amounts of cash-generating units used in impairment testing of long-lived assets including estimates of reserves and resources, future commodity prices, production costs, foreign exchange rates, discount rates, inflation and income tax rates;
- the determination of useful lives, units of production and residual values of property, plant and equipment;
- the fair value of stock-based compensation determined using the Black-Scholes option pricing model using estimates for expected forfeitures, useful life and stock volatility;
- the provision for deferred income taxes based on estimated tax bases using substantively enacted tax rates expected to apply to taxable income during the years in which the differences are expected to be recovered or settled;
- amounts recorded for decommissioning liabilities including estimates around timing and amount of expenditures required to settle liabilities and the risk free discount rate used;

Future accounting pronouncements

The following are new and revised accounting pronouncements that have been issued but are not yet effective:

- IFRS 9 – “Financial Instruments”
- IFRS 7 – “Disclosures – Transfers of Financial Assets”
- IAS 12 – “Income Taxes”
- IFRS 10 – “Consolidated Financial Instruments”
- IFRS 11 – “Joint Arrangements”
- IFRS 12 – “Disclosure of Interests in other Entities”
- IFRS 13 – “Fair Value Measurement”
- IAS 27 – “Separate Financial Statements”
- IAS 28 – “Investments in Associates and Joint Ventures”

The Corporation is currently evaluating the impact of the above standards on its financial performance and financial statement disclosures but expects that such impact will not be material.

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

(unaudited)

3. Equity investments

As at March 31, 2011, the Corporation's investments consist of the following:

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
Mineral Exploration			
Aguila American Resources Ltd. (1)	220,000	69,919	105,600
Aguila American Resources Ltd. Warrants	75,000	-	6,000
Altiplano Minerals Ltd. (1)	100,000	15,000	24,500
Archean Star Resources Inc. (1)	961,250	100,620	148,994
Argus Metals Corp. (1)	100,000	11,373	18,500
Argus Metals Corp. Warrants	250,000	-	8,750
Aura Silver Resources Inc. (1) Warrants	1,100,000	-	110,000
Aurvista Gold Corp. (3)	250,000	37,500	37,500
Bacanora Minerals Ltd. (1)	1,892,000	584,595	1,097,360
Bannerman Resources Ltd. (2)	25,000	21,400	10,000
Barkerville Gold Mines Ltd. (1) Warrants	112,500	-	25,875
Batero Gold Corp. (1)	405,000	598,980	1,729,350
Bending Lake Iron Group Ltd. (3)	1,500,000	1,378,570	1,378,570
Bending Lake Iron Group Ltd. Warrants	50,000	-	-
Blind Creek Resources Ltd. (3)	400,000	200,000	200,000
Bralorne Gold Mines Ltd. (1) Warrants	423,000	-	54,990
Canada Gold Corp. (1)	75,000	24,750	14,250
Canada Gold Corp. Warrants	37,500	-	-
Carlisle Goldfields Ltd. (4)	200,000	50,000	63,000
Carlisle Goldfields Ltd. Warrants	100,000	-	-
Cliffmont Resources Ltd. (1)	120,000	30,000	80,400
Cliffmont Resources Ltd. Warrants	60,000	-	16,200
Colonial Coal International Corp. (1)	25,000	23,316	35,000
Colonial Coal International Corp. Warrants	25,000	-	7,500
Colorado Resources Ltd. (3)	241,000	54,135	245,820
Colorado Resources Ltd. Warrants	375,000	-	270,000
Columbia Crest Gold Corp. (1)	166,667	50,000	58,333
Columbia Crest Gold Corp. Warrants	166,667	-	-
Copper Canyon Resources Ltd. (1)	2,698,535	514,196	2,590,594
Copper Reef Mines Ltd. (4)	8,845,500	1,193,249	1,194,143
Copper Reef Mines Ltd. Warrants	1,128,000	-	-
Cuoro Resources Corp. (1)	200,000	200,000	434,000
Diamcor Mining Inc. (1) Warrants	167,500	-	-
Dawson Gold Corp. (1)	1,115,500	167,325	161,748
Dawson Gold Corp. Warrants	1,250,000	-	-
DNI Metals Inc. (1)	7,335,899	916,707	1,320,462
DNI Metals Inc. Warrants	952,381	-	-
Eagle Plains Resources Ltd. (1)	3,955,000	1,022,048	1,621,550
Eagle Plains Resources Ltd. Warrants	1,555,000	-	171,050

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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3. Equity investments (continued)

	Shares/Warrants	Cost	Fair Value
Ecuador Capital Corp. (3)	166,667	25,000	25,000
El Tigre Silver Corp. (1)	64,000	22,400	35,200
El Tigre Silver Corp. Warrants	229,000	-	22,900
Ely Gold & Minerals Inc. (1)	167,000	45,505	43,420
EMC Metals Corp. (2)	1,052,631	200,000	284,210
Entourage Metals Ltd. (1)	55,000	27,500	35,750
ESO Uranium Corp. (1)	1,800,000	180,000	135,000
ESO Uranium Corp. Warrants	2,000,000	-	-
Estrella Gold Corp. (1) Warrants	156,500	-	-
Excelsior Minng Corp. (1)	100,000	72,977	62,000
Foran Mining Corp. (1)	110,200	30,263	106,894
Formation Metals Inc. (1) Warrants	100,000	-	-
Goldcliff Resources Corp. (1)	9,190,000	1,029,413	643,300
Goldcliff Resources Corp. Warrants	3,000,000	-	-
GoldQuest Mining Corp. (1)	100,000	20,000	35,000
Goldsource Mines Inc. (1)	60,000	80,841	43,200
Guyana Frontier Mining Corp. (1)	25,500	9,685	9,180
Halo Resources Ltd. (1)	1	5	-
Harmony Gold Corp. (1)	285,714	100,000	32,857
Hinterland Metals Inc. (1) Warrants	416,666	-	16,667
Jiminex Inc. (1)	80,000	14,600	12,800
Kent Exploration Ltd. (1)	4,983,000	522,058	423,555
Kent Exploration Ltd. Warrants	3,250,000	-	-
Kirrin Resources Inc. (1)	997,929	139,710	94,803
Kirrin Resources Inc. Warrants	1,671,429	-	-
Lakota Resources Inc. (5)	4,918,441	326,110	-
Laurion Mineral Exploration Inc. (1)	901,665	97,214	81,150
Metalline Mining Co. (2)	50,000	68,335	54,000
Miocene Metals Ltd. (1) Warrants	18,796	-	-
Nebu Resources Inc. (1)	300,167	45,025	33,018
Nevada Sunrise Gold Corp. (1)	250,000	50,000	15,000
Nevada Sunrise Gold Corp. Warrants	250,000	-	-
Niogold Mining Corp. (1) Warrants	234,900	-	-
North Country Gold Corp. (1) Warrants	25,000	-	27,000
NuCoal Energy Corp. (3)	2,446,770	1,688,804	978,708
Otis Gold Corp. (1) Warrants	38,462	-	-
Playfair Mining Ltd. (1)	2,436,167	384,728	389,787
Portage Minerals Inc. (4)	953,097	364,721	76,248
Puget Ventures Inc. (1)	51,667	17,571	25,317
Puget Ventures Inc. Warrants	83,333	-	7,500
Quantum Rare Earth Development Corp. (1)	150,000	81,238	71,250

	Shares/Warrants	Cost	Fair Value
Red Rock Energy Inc. (1)	3,410,500	1,117,351	613,890
Red Rock Energy Inc. Warrants	850,000	-	-
Rio Grande Mining Corp. (1)	35,000	14,974	13,825
Rio Novo Gold Inc. (2) Warrants	125,000	-	92,500
Rock Tech Resources Inc. (1) Warrants	500,000	-	-
Romios Gold Resources (1)	200,000	40,320	75,000
Roxgold Inc. (1)	89,666	115,142	27,348
Salazar Resources Ltd. (1) Warrants	25,000	-	-
Senator Minerals Inc. (1)	2,451,000	127,135	159,315
Sheltered Oak Resources Corp. (1)	2,000,000	180,000	150,000
Sheltered Oak Resources Corp. Warrants	500,000	-	-
Shore Gold Inc. (2)	1,278,500	1,112,566	997,230
Skeena Resources Ltd. (1)	3,187,500	295,146	334,688
Stikine Gold Corp. (1)	295,667	79,864	144,877
Tanzania Minerals Corp. (1)	275,000	85,907	189,750
Tanzania Minerals Corp. Warrants	300,000	-	12,000
Terrax Minerals Inc. (1)	83,333	25,000	20,833
Terrax Minerals Inc. Warrants	41,667	-	-
Unity Energy Corp. (1)	2,450,000	612,500	2,156,000
Unity Energy Corp. Warrants	200,000	-	96,000
Vantex Resources Ltd. (1)	25,000	9,815	8,250
Virginia Energy Resources Inc. (1)	356,000	173,321	90,780
Wescan Goldfields Inc. (1)	5,876,133	1,301,166	793,278
Wescan Goldfields Inc. Warrants	961,539	-	-
Westcore Energy Inc. (1)	7,865,000	3,826,803	5,033,600
White Gold Corp. (3)	2,000,000	500,000	360,000
Wildcat Exploration Ltd. (1)	1,155,000	285,929	63,525
Xmet Inc. (1)	250,000	62,500	55,000
Xmet Inc. Warrants	125,000	-	27,500
Oil & Gas			
Admiralty Oils Ltd. (3)	1,600,000	350,000	350,000
Anglo Canadian Oil Corp. (1)	465,000	116,250	116,250
Archer Petroleum Corp. (1)	931,777	396,200	79,201
Archer Petroleum Corp. Warrants	77,000	-	-
Deloro Resources Ltd. (1)	3,387,500	522,000	355,688
Deloro Resources Ltd. Warrants	781,250	-	-
Energulf Resources Inc. (1)	15,000	17,150	15,750
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	480,000	38,044	38,400
KFG Resources Ltd. Warrants	270,000	-	-

	Shares/Warrants	Cost	Fair Value
Lex Energy Partners LP (3)	820	369,000	369,000
Lion Energy Corp. (1)	166,000	35,931	57,270
Nickel Oil & Gas Corp. (3)	2,000,000	500,000	400,000
Nordic Oil & Gas Ltd. (1)	2,809,999	225,950	210,750
Nordic Oil & Gas Ltd. Warrants	1,405,000	-	-
Panterra Resources Corp. (1)	1,216,000	293,087	255,360
Panterra Resources Corp. Warrants	117,500	-	-
Petro One Energy Corp. (1)	2,599,500	791,740	1,104,788
Porto Energy Corp. (1)	11,000	11,000	9,790
Prairie First Energy Inc. (3)	370,437	400,500	370,437
Rallyemont Energy Inc. (3)	11,823,535	3,813,237	8,276,475
Shoreline Oil & Gas Ltd. (3)	76,923	100,000	100,000
Simba Energy Inc. (1)	50,000	10,100	9,500
Skywest Energy Corp. (1)	50,000	26,000	32,000
Stream Oil & Gas Ltd. (1)	7,200	19,925	13,032
Titanium Corp. Inc. (1)	276,200	386,047	582,782
Torquay Oil Corp. Class A (1)	437,000	358,964	821,560
Torquay Oil Corp. Class B (1)	39,500	395,000	245,690
Torquay Oil Corp. (1) Warrants	250,000	-	120,000
Valeura Energy Inc. (1)	1,082,000	422,638	470,670
Volcanic Metals Corp. (1)	1,640,000	306,863	541,200
Other			
Augen Capital Corp. (1)	3,068,000	218,870	230,100
Augen Capital Corp. Warrants	1,429,000	-	-
Deep Earth Energy Production Corp. (3)	4,000,000	400,000	400,000
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Gilead Power Corp. (3)	233,333	300,000	300,000
Grafton Resource Investments Ltd. (3)	22,450	1,000,002	736,585
Kenna Capital Corp. (1)	1,000,000	100,000	210,000
Kobex Minerals Inc. (1)	506,100	470,629	460,551
Lex Capital Partners LP (3)	1,000	700,000	700,000
Meize Energy Industries Holdings Ltd. (3)	60,000	300,000	300,000
Minerva Minerals Ltd. (4)	1,292,000	92,950	129,200
NovaDX Ventures Corp. (1)	400,000	205,801	176,000
Troy Energy Corp. (1)	3,390,000	792,442	728,850
Vicarage Capital Corp. (3)	12,500	383,475	383,475
		37,797,623	\$ 48,330,935

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

(unaudited)

3. Equity investments (continued)

As at December 31, 2010, 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)	13,333	\$ 14,264	\$ 2,933
Aguila American Resources Ltd. (1)	323,500	100,720	131,018
Aguila American Resources Ltd. - Warrants	75,000	-	375
Argus Metals Corp. (1)	280,000	31,845	72,800
Argus Metals Corp. - Warrants	250,000	-	27,500
Augen Gold Corp. (1)	227,500	56,875	103,513
Aura Silver Resources Inc. (1)	800,000	146,909	432,000
Aura Silver Resources Inc. - Warrants	1,100,000	-	319,000
Aurvista Gold Corp. (3)	250,000	37,500	37,500
Bacanora Minerals Ltd. (1)	1,672,500	454,234	426,488
Barkerville Gold Mines Ltd. (1)	100,000	100,000	142,000
Barkerville Gold Mines Ltd. - Warrants	212,500	-	89,250
Batero Gold Corp. (1)	372,700	185,990	1,006,290
Batero Gold Corp. - Warrants	170,000	-	299,500
Bending Lake Iron Group Ltd. (3)	1,400,000	1,178,570	1,178,570
Bending Lake Iron Group Ltd. - Warrants	50,000	-	-
Blind Creek Resources Ltd. (3)	400,000	200,000	200,000
Bralorne Gold Mines Ltd. (1) – Warrants	423,000	-	4,230
Canada Gold Corp. (1)	75,000	24,750	12,000
Canada Gold Corp. - Warrants	37,500	-	-
Carpathian Gold Inc. (1)	100,000	56,470	66,000
Cliffmont Resources Ltd. (1)	120,000	30,000	93,600
Cliffmont Resources Ltd. - Warrants	60,000	-	22,800
Colonial Coal International Corp. (1)	225,000	209,841	344,250
Colonial Coal International Corp. - Warrants	25,000	-	10,750
Colorado Resources Ltd. (1)	596,000	133,878	423,160
Colorado Resources Ltd. - Warrants	375,000	-	153,750
Copper Canyon Resources Ltd. (1)	2,638,535	467,396	1,926,131
Copper Reef Mines Ltd. (4)	7,838,000	1,013,687	627,040

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

(unaudited)

3. Equity investments (continued)

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
Copper Reef Mines Ltd. - Warrants	850,000	\$ -	\$ -
Dawson Gold Corp. (1)	1,227,500	184,125	233,225
Dawson Gold Corp. - Warrants	1,250,000	-	-
Diamcor Mining Inc. (1)	142,500	42,750	39,900
Diamcor Mining Inc. - Warrants	167,500	-	-
DNI Metals Inc. (1)	5,477,733	690,707	657,328
DNI Metals Inc. - Warrants	535,714	-	-
Eagle Plains Resources Ltd. (1)	3,338,500	638,220	2,136,640
Eagle Plains Resources Ltd. - Warrants	1,555,000	-	528,700
Eaglecrest Exploration Inc. (1)	166,667	50,000	60,000
Ecuador Capital Corp. (3)	166,667	25,000	25,000
El Nino Ventures Inc. (1)	296,500	24,942	17,790
El Nino Ventures Inc. - Warrants	1,250,000	-	-
El Tigre Silver Corp. (1)	229,000	80,150	98,470
El Tigre Silver Corp. - Warrants	229,000	-	-
EMC Metals Corp. (2)	1,052,631	200,000	394,733
ESO Uranium Corp. (1)	1,000,000	127,321	120,000
ESO Uranium Corp. - Warrants	4,000,000	-	80,000
Estrella Gold Corp. (1)	313,000	250,400	259,790
Estrella Gold Corp. - Warrants	156,500	-	-
Foran Mining Corp. (1)	143,000	39,270	122,980
Formation Metals Inc. – Warrants	100,000	-	-
Gobimin Inc. (1)	200,000	174,033	168,000
Goldcliff Resources Corp. (1)	9,190,000	1,029,413	735,200
Goldcliff Resources Corp. - Warrants	3,000,000	-	-
GoldQuest Mining Corp. (1)	100,000	12,500	35,000
GoldQuest Mining Corp. - Warrants	200,000	-	30,000
Goldsource Mines Inc. (1)	70,000	104,424	55,300
Halo Resources Ltd. (1)	75,001	347,139	44,251
Harmony Gold Corp. (1)	285,714	100,000	40,000
Harmony Gold Corp. - Warrants	142,857	-	-
Hinterland Metals Inc. (1)	200,832	13,063	35,146
Hinterland Metals Inc. - Warrants	416,666	-	31,250
Kent Exploration Ltd. (1)	3,845,000	496,270	499,850
Kent Exploration Ltd. - Warrants	250,000	-	-
Kirrin Resources Inc. (1)	1,671,429	234,000	225,643
Kirrin Resources Inc. - Warrants	1,671,429	-	-
Lakota Resources Inc. (1)	4,918,441	326,110	-
Laurion Mineral Exploration Inc. (1)	1,087,665	120,808	114,205
Miocene Metals Limited - Warrants	18,796	-	-
Nebu Resources Inc. (1)	300,167	45,025	43,524
Nebu Resources Inc. - Warrants	283,333	-	-
Nevada Sunrise Gold Corp. (1)	250,000	50,000	32,500
Nevada Sunrise Gold Corp. - Warrants	250,000	-	-
Niogold Mining Corp. (1)	400,000	124,542	150,000
Niogold Mining Corp. - Warrants	234,900	-	-
North Country Gold Corp. (1)	100,000	55,126	135,000
North Country Gold Corp. - Warrants	25,000	-	18,750

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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3. Equity investments (continued)

	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
Northern Freegold Resources Ltd. (1)	73,300	\$ 33,190	\$ 24,922
NuCoal Energy Corp. (3)	2,446,770	1,688,804	978,708
Otis Gold Corp. - Warrants	38,462	-	-
Playfair Mining Ltd. (1)	1,911,500	183,887	430,088
Portage Minerals Inc. (4)	953,097	364,721	104,841
Puget Ventures Inc. (1)	51,667	17,571	25,317
Puget Ventures Inc. - Warrants	83,333	-	7,500
Red Rock Energy Inc. (1)	3,425,500	1,122,266	445,315
Red Rock Energy Inc. - Warrants	850,000	-	-
Rio Novo Gold Inc. (2)	43,900	91,980	97,458
Rio Novo Gold Inc. - Warrants	125,000	-	118,750
Rock Tech Resources Inc. - Warrants	500,000	-	10,000
Romios Gold Resources Inc. (1)	200,000	40,320	48,000
Roxgold Inc. (1)	129,666	166,507	40,845
Salazar Resources Ltd. (1)	135,000	137,644	175,500
Salazar Resources Ltd. - Warrants	25,000	-	-
Senator Minerals Inc. (1)	2,451,000	127,135	147,060
Sheltered Oak Resources Corp. (1)	2,000,000	180,000	200,000
Sheltered Oak Resources Corp. - Warrants	500,000	-	-
Shore Gold Inc. (2)	1,030,000	902,567	927,000
Shoreham Resources Ltd. (1)	15,500	5,485	5,735
Skeena Resources Ltd. (1)	2,187,500	195,146	218,750
Skeena Resources Ltd. - Warrants	1,000,000	-	-
Stikine Gold Corp. (1)	610,667	164,291	241,213
Tanzania Minerals Corp. (1)	300,000	93,717	219,000
Tanzania Minerals Corp. - Warrants	300,000	-	24,000
Terra Ventures Inc. (1)	50,000	27,512	25,500
Terrax Minerals Inc. (1)	83,333	25,000	28,333
Terrax Minerals Inc. - Warrants	41,667	-	-
Unity Energy Corp. (1)	1,250,000	312,500	262,500
Unity Energy Corp. - Warrants	200,000	-	-
Uranium North Resources Corp. (1)	497,000	34,790	91,945
Virginia Energy Resources Inc. (1)	662,000	322,299	317,760
Wescan Goldfields Inc. (1)	5,931,133	1,315,434	563,458
Wescan Goldfields Inc. - Warrants	961,539	-	-
Westcore Energy Inc. (1)	6,365,000	2,826,803	2,546,000
Western Potash Corp. (1)	50,000	37,500	116,000
Western Potash Corp. - Warrants	50,000	-	20,500
White Gold Corp. (3)	2,000,000	500,000	360,000
Wildcat Exploration Ltd. (1)	1,155,000	285,929	127,050
Oil & Gas			
Admiralty Oils Ltd. (3)	1,600,000	350,000	350,000
Anglo Canadian Oil Corp. (1)	500,000	125,000	187,500
Archer Petroleum Corp. (1)	931,777	396,200	83,860
Archer Petroleum Corp. - Warrants	77,000	-	-

49 North Resources Inc.

Notes to the Condensed Consolidated Interim Financial Statements

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3. Equity investments (continued)	<u>Shares/Warrants</u>	<u>Cost</u>	<u>Fair Value</u>
Deloro Resources Ltd. (1)	1,387,500	\$ 222,000	\$ 194,250
Deloro Resources Ltd. - Warrants	781,250	-	-
Kenosee Resources Ltd. (3)	8,547	44,643	44,643
KFG Resources Ltd. (1)	600,000	47,555	48,000
KFG Resources Ltd. - Warrants	270,000	-	-
Lex Energy Partners LP (3)	820	287,000	287,000
Lion Energy Corp. (1)	990,500	214,398	227,815
Nickel Oil & Gas Corp. (3)	2,000,000	500,000	400,000
Nordic Oil & Gas Ltd. (1)	2,809,999	225,950	533,900
Nordic Oil & Gas Ltd. - Warrants	1,405,000	-	116,317
Nuloch Resources Inc. (1)	450,000	427,351	927,000
Panterra Resources Corp. (1)	1,247,000	300,000	249,400
Panterra Resources Corp. - Warrants	117,500	-	-
Petro One Energy Corp. (1)	2,840,000	843,610	1,050,800
Prairie First Energy Inc. (3)	370,437	370,437	370,437
Rallyemont Energy Inc. (3)	11,573,535	3,613,237	8,101,475
Redwater Energy Corp. (1)	496,667	149,000	173,833
Renegade Petroleum Ltd. (1)	165,021	395,201	668,335
Ruby Energy Inc. (3)	916,996	550,198	229,249
Skywest Energy Corp. (1)	100,000	52,000	68,000
Titanium Corp. Inc. (1)	226,200	288,047	420,732
Torquay Oil Corp. Class A (1)	500,000	410,714	920,000
Torquay Oil Corp. Class B (1)	45,000	450,000	281,250
Torquay Oil Corp. - Warrants	250,000	-	110,000
Valeura Energy Inc. (1)	1,400,000	546,852	518,000
Volcanic Metals Corp. (1)	1,490,000	266,035	327,800
Other			
Augen Capital Corp. (1)	3,043,000	216,520	228,225
Deep Earth Energy Productions Corp. (3)	4,000,000	400,000	400,000
Discovery Harbour Resources Inc. (3)	100,000	10,000	10,000
Gilead Power Corp. (3)	233,333	300,000	300,000
Grafton Resource Investments Ltd. (3)	22,450	1,000,002	682,480
Kenna Capital Corp. (1)	1,000,000	100,000	200,000
Kobex Minerals Inc. (1)	364,000	330,731	342,160
Lex Capital Partners Inc. (3)	1,000	700,000	700,000
Meize Energy Industries Holdings Ltd. (3)	60,000	300,000	300,000
Minerva Minerals Ltd. (1)	1,292,000	92,950	64,600
NovaDX Ventures Corp. (1)	50,000	23,775	22,500
Troy Energy Corp. (1)	3,390,000	792,442	678,000
Vicarage Capital Corp. (3)	12,500	383,475	383,475
		\$ 36,956,588	\$ 45,470,707

(1) Listed on TSX Venture Exchange

(2) Listed on TSX

(3) Private

(4) Listed on CNQ Exchange

(5) Defunct/Delisted

49 North Resources Inc.
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4. Loans and advances receivable

	March 31	December 31
	2011	2010
CVG Mining Ltd.	\$ 5,132,240	\$ 5,132,240
Hillcrest Resources Ltd.	207,680	207,680
How 2 Energy Ltd.	200,000	230,000
FNR Energy Limited Partnership	65,080	-
49 North 2010 Resource Flow-Through LP	-	766,344
Unrelated individuals	32,496	42,657
	\$ 5,637,496	\$ 6,378,921

The CVG Mining Ltd. loan is due on demand, bears interest at 4.25% and is secured by certain mineral claims. The 49 North 2010 Resource Flow-Through LP loan is \$766,344, bearing interest at the Royal Bank of Canada prime lending rate plus 2% and is secured by the portfolio assets. Subsequent to year-end, the loan receivable from the 49 North 2010 Resource Flow-Through LP was repaid. The How 2 Energy Ltd. loan is due on demand and bears interest at a rate of prime plus 2%. The Hillcrest Resources Ltd. loan has a 12 month term and bears interest at 12% annually and is convertible, at the option of the Corporation, into either common shares of Hillcrest Resources Ltd. or into a working interest in the hydrocarbon production of Hillcrest Resources Ltd. Subsequent to quarter end, the Hillcrest loan was repaid in full. The loans to unrelated individuals bear interest at rates between prime plus 2% and prime plus 5%. The FNR Energy Limited Partnership loan is unsecured, bears interest at the Royal Bank of Canada prime lending rate plus 2% and is due on demand. Subsequent to quarter end, the FNR Energy Limited Partnership loan was repaid in full.

5. Exploration and evaluation assets

	Manitoba	Saskatchewan	British Columbia	Quebec	Total
Balance, January 1, 2010	\$ 309,432	\$ -	\$ -	\$ -	\$ 309,432
Acquisition (refund)	(16,217)	967	-	1,680,566	1,665,316
Disposal	(153,886)	-	-	-	(153,886)
Exploration	6,939	12,400	4,000,000	140,871	4,160,210
Balance, December 31, 2010	\$ 146,268	\$ 13,367	\$ 4,000,000	\$ 1,821,437	\$ 5,981,072
Acquisition (refund)	-	-	-	-	-
Disposal	-	-	-	-	-
Exploration	-	-	2,159,075	177,598	2,336,673
Balance, March 31, 2011	\$ 146,268	\$ 13,367	\$ 6,159,075	\$ 1,999,035	\$ 8,317,745

49 North Resources Inc.
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5. Exploration and evaluation assets (continued)

Manitoba properties

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

On April 27, 2010, the Corporation and Westcore Energy Inc. (“Westcore”) entered into a binding agreement for the sale of an interest in the permits. Under the agreement, Westcore initially acquired a 50% interest in the property covered by the permits, together with all rights attaching to them with the ability to increase this interest to as much as 80%. The consideration payable to the Corporation under the agreement consisted of the issuance of an aggregate of 1,000,000 common shares in the capital of Westcore, together with an unsecured demand promissory note in the amount of \$256,825. Under the agreement, Westcore will operate all exploration and drilling activities in respect of the property and will bear responsibility for all exploration expenditures and related costs until such time as a bankable feasibility study is completed.

Westcore is obliged to expend not less than \$500,000 on exploration expenses in respect of the properties during its 2010 – 2011 exploration program and will earn additional interest in these property based upon the following: (a) provided that Westcore incurs and pays exploration expenditures in excess of \$1,000,000 on or before December 31, 2012, Westcore will earn a further 10% interest in the property; and (b) provided that Westcore completes a bankable feasibility study in respect of the property on or before December 31, 2013, Westcore will earn a further 20% interest in the property.

British Columbia properties

The Corporation entered into an option agreement to acquire up to a 40% undivided interest in certain mineral rights located in the province of British Columbia. Under the terms of the agreement, for every \$100,000 of expenditures incurred during the option period, the Corporation will acquire a 1% undivided interest in the property. In addition, the Corporation was granted a 2.5% net smelter returns royalty on the mineral claims covered under the agreement.

Quebec properties

Through its acquisition of an 80% interest in Kimpar, the Corporation acquired an 80% interest in certain mineral rights related to highly prospective copper, molybdenum, industrial minerals and quarry product properties located in the Gaspé region of the Province of Quebec.

6. Goodwill

	March 31	December 31
	2011	2010
Balance, beginning of period	\$ 1,621,222	\$ 394,740
Acquisitions	-	1,226,482
Impairment of goodwill	(253,321)	-
Balance, end of period	\$ 1,367,901	\$ 1,621,222

At March 31, 2011, goodwill represents the excess of total purchase price over the net identifiable assets and liabilities of North Rim, Allstar and Newsk. As North Rim, AllStar and Newsk are considered to be separate reporting units, goodwill related to each was tested in conjunction with the long lived assets of these reporting units and no adjustment for impairment resulted.

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7. Property, plant and equipment

	Total	Oil & gas interests	Processing facility, equipment, and gas line	Other Corporate Assets
Cost:				
Balance at January 1, 2010	485,053	-	-	485,053
Acquisitions	7,949,588	7,478,438	471,150	-
Additions	8,764,079	6,627,657	1,921,616	214,806
Dispositions	(8,794)	-	(8,794)	-
Balance at December 31, 2010	17,189,926	14,106,095	2,383,972	699,859
Additions	3,127,186	2,864,773	230,718	31,695
Dispositions	-	-	-	-
Balance at March 31, 2011	20,317,112	16,970,868	2,614,690	731,554
Accumulated depletion and depreciation				
Balance at January 1, 2010	254,245	-	-	254,245
Acquisitions	2,570,292	2,332,670	237,622	-
Depletion/depreciation expense	1,639,619	1,500,848	27,938	110,833
Dispositions	(1,441)	-	(1,441)	-
Balance at December 31, 2010	4,462,715	3,833,518	264,119	365,078
Depletion/depreciation expense	501,936	395,229	58,626	48,081
Dispositions	-	-	-	-
Balance at March 31, 2011	4,964,651	4,228,747	322,745	413,159
Total balance at March 31, 2011	15,352,461	12,742,121	2,291,945	318,395

Petroleum properties

The Corporation, through its subsidiary, Allstar has an interest in 6,360 acres of crown and freehold land in the Viking oil field in Kindersley, Saskatchewan, as well as exclusive exploration rights over 22,000 acres of heavy oil lands on the Red Pheasant First Nation in Saskatchewan, including an Indian Oil and Gas Canada subsurface permit covering 10,566 acres. Through its working interest agreement with Allstar, the Corporation has a 63% working interest in five oil and gas wells and a 53.11% working interest in an additional five oil and gas wells in the Kindersley oil field in West-Central Saskatchewan.

The Corporation, through a working interest agreement with a private Saskatchewan oil and gas company, has a 50% working interest in two oil and gas wells in Southeast Saskatchewan.

Through its subsidiary, Newsk, the Corporation has a 3 – 6% royalty interest in seven oil and gas wells in Southeast Saskatchewan.

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7. Property, plant and equipment (continued)

Petroleum properties (continued)

The Corporation performed a ceiling test calculation at March 31, 2011 to assess the recoverability of its petroleum and natural gas interest. It was determined that there was no impairment using the following projected prices for oil and natural gas:

Year	Oil Price	Natural Gas Price
2011	83.36	3.59
2012	85.36	4.05
2013	87.96	4.73
2014	90.51	5.19
2015	92.56	5.69
2016	94.41	5.80
2017	96.30	5.92
2018	98.23	6.04
2019	100.19	6.16
2020	102.19	6.28
2021	104.24	6.41
2022	106.32	6.53
2023	108.45	6.66
2024	110.62	6.80
2025	112.83	6.93

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. As at March 31, 2011, the Corporation had margin borrowings of nil. The Corporation has guaranteed Allstar's line of credit. As at March 31, 2011 Allstar's bank indebtedness was \$1,192,241 (2010 - 547,165).

9. Related party transactions

Compensation of key executive personnel

	March 31 2011	March 31 2010	December 31 2010
Management fees to TMM Portfolio Management Inc.	\$ 291,120	\$ 225,065	\$ 951,333
Salaries to officers	45,000	20,000	80,000
Consulting fees	-	-	21,000
Directors fees	8,750	10,250	51,000
Stock based compensation to directors and officers	-	388,184	528,589
	\$ 344,870	\$ 643,499	\$ 1,631,922

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9. Related party transactions (continued)

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. During the three month period ended March 31, 2011 reimbursements of \$83,724 (2010 - \$62,596) were incurred or accrued to 1381613 Alberta Ltd., companies controlled by the CEO of the Corporation.

The Corporation has two working interest arrangements with its subsidiary Allstar. In accordance with the first agreement covering 5 wells, the Corporation funded 90% of the drilling costs in exchange for 63% of the net production. In accordance with the second agreement, covering an additional 5 wells, the Corporation funded 72.61% of the drilling costs in exchange for 53.11% of the net production. In the quarter, the Corporation advanced \$2,200,000 under these arrangements and recorded net production revenue of \$611,362. Included in accounts payable is \$773,198 related to the funding of the drilling programs.

These transactions are recorded at the exchange amounts agreed to by the parties.

10. Convertible debentures

On September 23, 2010 and October 13, 2010, the Corporation raised proceeds of \$4,690,800 on the private placement of 8% convertible unsecured debentures. The debentures have a three-year term, maturing September 23, 2013, and bear interest from the date of issuance at 8% per annum which, unless the debentures are earlier converted or redeemed in accordance with their terms, will be paid on September 23 in each of 2011, 2012 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 September 23, 2013, into fully paid, non-assessable common shares of the Corporation at a conversion price of: (i) \$4.00 per share if converted prior to September 23, 2011; (ii) \$4.25 per share if converted on or after September 23, 2011 and before September 23, 2012; and, (iii) \$4.50 per share if converted on or after September 23, 2012 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 September 23, 2011, 4% of the outstanding principal amount if redeemed on or after September 23, 2011 but before September 23, 2012, or 2% of the outstanding principal amount if redeemed on or after September 23, 2012 and prior to maturity.

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.

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10. Convertible debentures (continued)

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 rates of between 15.00% and 15.74% for a comparable debt instrument that excluded any conversion privilege by the holders. The residual carrying value of the debentures is to be accreted to the redemption value of the debenture to the redemption date of the debenture based on an effective annual interest rate.

	March 31	December 31	January 1
	2011	2010	2010
Face value of convertible debentures	\$ 9,690,800	\$ 9,690,800	\$ 5,000,000
Plus: accretion	938,457	765,365	379,149
Less: debt issue costs	(434,688)	(434,688)	(160,000)
Equity portion of convertible debenture	(1,440,321)	(1,440,321)	(734,500)
Less, current portion of convertible debenture	(4,900,060)	(4,800,199)	-
	\$ 3,854,188	\$ 3,780,957	\$ 4,484,649

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11. Loans payable

Loans payable include various loans that bear interest at a range of 0% - 8% and have no specific terms of repayment. Loans which are unsecured and demand in nature have been classified as a current liability.

12. Promissory notes 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 installments 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. As at December 31, 2010, \$27,667 of principle payments had been made on the promissory note.

As a part of the acquisition of Kimpar, promissory notes were issued to various creditors in the amount of \$193,970 in total by Kimpar. The notes are unsecured, non-interest bearing and are due November 7, 2012.

13. Decommissioning liabilities

	March 31	December 31
	2011	2010
Balance, beginning of period	\$ 168,747	\$ -
Liabilities incurred	21,943	145,345
Liabilities acquired	-	14,535
Accretion expense	2,573	8,867
Balance, end of period	\$ 193,263	\$ 168,747

The total of the decommissioning liabilities are estimated based on the Corporation's net ownership interest in all the wells and facilities, the estimated costs to reclaim and abandon the wells and facilities and the estimated timing of the costs to be incurred in future periods. Management of the Corporation has estimated that based on their net ownership interest, the total undiscounted cash flows required to settle the obligations will be \$328,380. The obligations have been discounted using a credit adjusted risk free rate of 6.1% and an inflation rate of 2% per year. Most of these obligations are not expected to be paid until approximately 15 years in the future and will be funded from general Company resources at that time.

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14. Deferred income taxes

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

	March 31	December 31
	2011	2010
Future income tax asset (liability)		
Non-capital loss carryforwards	\$ 224,081	\$ 533,211
Deferred share issue costs	395,875	308,352
Mineral properties	(2,786,473)	(2,266,949)
Property and equipment	4,365	-
Investments	(3,430,994)	(3,588,288)
Long-term deferred income tax liability	\$ (5,593,146)	\$ (5,013,674)

15. Common shares and contributed surplus

Authorized an unlimited number of common shares without par value.

Common shares issued

	Common	Share
	Shares	Capital
Balance, January 1, 2010	8,345,572	\$40,506,340
Exchanged for units of the 2009 Fund	4,351,810	7,575,149
Shares repurchased and cancelled	(398,899)	(844,552)
Balance, December 31, 2010	12,298,483	\$47,236,937
Exchanged for units of the 2010 Fund	2,714,122	8,105,809
Warrants and broker warrants exercised	253,953	940,674
Stock options exercised	8,510	36,939
Shares repurchased and cancelled	(42,700)	(114,860)
Share issue costs	-	(8,726)
Balance, March 31, 2011	15,232,368	\$56,196,773

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.

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15. Common shares and contributed surplus (continued)

A summary of the status of the Corporation's stock option plan and changes during the year is presented below.

	March 31, 2011		December 31, 2010	
	Options	Price	Options	Price
Outstanding, beginning of period	630,000	2.20	295,000	2.03
Options exercised	(8,510)	(2.35)	-	-
Options cancelled	-	-	(25,000)	(2.00)
Options granted	-	-	300,000	2.35
Options granted	-	-	60,000	2.00
Outstanding, end of period	621,490	\$ 2.20	630,000	\$ 2.20

During 2010, the board of directors of the Corporation approved the grant of 360,000 stock options pursuant to the Corporation's 2008 Option Plan. 255,000 of the options were granted to directors and executive officers with the balance granted to employees. 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. 300,000 of the options are exercisable at \$2.35 per share. 280,000 of these options, if not exercised, expire March 25, 2020, while 20,000 of these options, if not exercised, expire June 18, 2020. 60,000 of the options are exercisable at \$2.00 per share and, if not exercised, expire October 15, 2010.

During 2010, and prior to the Corporation acquiring its 89.5% interest, the board of directors of Allstar approved a grant of 200,000 stock options pursuant to Allstar's stock option plan. The options are exercisable at \$0.33 per share and, if not exercised, expire August 12, 2020. The stock options of the subsidiary company have a vesting period of 3 years.

The value of options issued in 2010, using the Black-Scholes option-pricing model, was \$767,883 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 of between 2.40% and 3.47%, expected life of options 10 years, annualized volatility 84.3% 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:

	March 31, 2011		December 31, 2010	
	Warrants	Price	Warrants	Price
Outstanding, beginning of period	3,942,041	\$ 3.50	3,942,041	\$ 3.50
Warrants exercised	(148,181)	\$ 3.50	-	\$ -
Warrants granted	105,772	\$ 3.50	-	-
Outstanding, end of period	3,899,632	\$ 3.50	3,942,041	\$ 3.50

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15. 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 follow

	March 31, 2011		December 31, 2010	
	Warrants	Price	Warrants	Price
Outstanding, beginning of period	312,992	\$ 2.75	312,992	\$ 2.75
Broker warrants excersised	(105,772)	(2.75)	-	-
Outstanding, end of period	207,220	\$ 2.75	312,992	\$ 2.75

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:

	March 31 2011	December 31 2010
Balance, beginning of period	\$ 2,619,582	\$ 1,465,871
Stock options exercised	(16,941)	-
Broker warrants exercised	(130,837)	-
Fair value of stock options granted	-	767,883
Change in ownership of subsidiary	(385,828)	385,828
Balance, end of period	\$ 2,085,976	\$ 2,619,582

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.

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16. Acquisitions

Purchase of AllStar Energy Limited.

On April 12, 2010 the Corporation agreed to purchase a total of 10,548,502 common shares of AllStar for a purchase price of \$0.33 per share.

The acquisition was accounted for using the acquisition method and the following table summarizes the fair value of the assets acquired and liabilities assumed at the date of purchase.

Net assets acquired

Current assets	\$ 55,192
Property, plant and equipment	4,029,954
Other long term assets	62,025
Goodwill	<u>933,992</u>
	4,983,093
Current liabilities	405,587
Future income taxes	387,624
Other long-term liabilities	398,560
Non-controlling interest	<u>408,386</u>
	<u>\$ 3,481,005</u>

Consideration

Cash	<u>\$ 3,481,005</u>
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Purchase of Kimpar Resources Inc.

On December 13, 2010, the Corporation agreed to purchase a total of 45,246,000 common shares of Kimpar for a purchase price of \$0.025 per share.

The acquisition was accounted for using the acquisition method and the following table summarizes the fair value of the assets acquired and liabilities assumed at the date of purchase.

Net assets acquired

Current assets	\$ 492,907
Exploration and evaluation assets	<u>1,710,301</u>
	2,175,033
Current liabilities	595,140
Non-controlling interest	<u>321,614</u>
	<u>\$ 1,286,454</u>

Consideration

Cash	\$ 500,000
Conversion of existing loan to common shares	646,000
Previous purchase	27,600
Settlement of loans receivable	<u>112,854</u>
Total consideration	<u>\$ 1,286,454</u>

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17. Commitments

The Corporation's subsidiary is committed to spend \$7,180,210 in qualifying cumulative exploration expenditures by December 31, 2011. As at March 31, 2011 the balance to be expensed was \$5,021,135.

The Corporation has committed to invest an additional \$751,000 in the Lex Capital Limited Partnerships.

The Corporation has guaranteed one of its subsidiary's line of credit. As at December 31, 2010 the bank indebtedness of the subsidiary was \$1,192,241.

The Corporation, through its subsidiary Kimpar, entered into nine asset purchase agreements under which the Corporation is committed to conduct exploration work representing capital expenditures in the amount of \$2,900,000 over the next four years. Kimpar has minimum annual statutory obligations of \$13,052 and annual minimum work commitments of \$173,993 in order to keep its various claims in good standing.

Although the Corporation has taken steps to verify title to the properties on which it is conducting exploration and development activities and in which it has an interest, in accordance with industry standards for the current stage of exploration and development of such properties, these procedures do not guarantee the Company's title. Property title may be subject to Government licensing requirements or regulations, unregistered prior agreements, unregistered claims and non-compliance with regulatory and environmental requirements.

18. 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) creates cash flow from its oil & gas operations
- (c) utilizing leverage in the form of margin (due from brokers) and the Corporation's bank credit line (bank indebtedness);
- (c) raising capital through equity financings;
- (d) borrowing funds in the form of advances from related parties; and,
- (e) purchasing the Corporation's own shares for cancellation pursuant to its normal course issuer bid.

The Corporation is not subject to any capital requirements imposed by a regulator. There were no changes in the Corporation's approach to capital management during the period. To date, the Corporation has not declared any cash dividends to its common shareholders as part of its capital management program. The Corporation's management is responsible for the management of capital and monitors the Corporation's use of various forms of leverage on a daily basis. The Corporation expects that its current capital resources will be sufficient to discharge its liabilities as at March 31, 2011.

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19. 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, interest rate, commodity price and liquidity risks. A discussion of the Corporation's use of financial instruments and their associated risks is provided below.

(a) Liquidity risk:

Liquidity risk is the risk that the Corporation will have insufficient cash resources to meet its financial obligations as they come due. The Corporation's liquidity and operating results may be adversely affected if the Corporation's access to the capital markets is hindered, whether as a result of a downturn in stock market conditions, generally or related to matters specific to the Corporation, or if the value of the Corporation's investments decline, resulting in losses upon disposition. The Corporation generates cash flow primarily from its financing activities and proceeds from the disposition of its investments, in addition to interest and dividend income earned on its investments. The Corporation 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 may use financial leverage (or "margin") when purchasing investments. Trading on margin allows the Corporation to borrow part of the purchase price of the investments (using marginable investments as collateral), rather than pay for them in full. Buying on margin allows the Corporation to increase its portfolio size by increasing the number and amount of investments through leverage. However, if the market moves against the Corporation's positions and the Corporation's investments decline in value, the Corporation may be required to provide additional funds to its brokers. Given the nature of the Corporation's business, the Corporation may not have sufficient cash on hand to meet margin calls and may be required to liquidate investments prematurely and/or at a loss, in order to generate funds needed to satisfy the Corporation's obligations.

a) Liquidity risk (continued)

The Corporation has at times borrowed funds from other sources to meet its obligations, but there can be no assurances that such funds will be available in the future, or available on reasonable terms, and the absence of available funding and/or the sale of the Corporation's investments in order to meet margin calls could have a materially adverse impact on the Corporation's operating results. The Corporation manages liquidity risk by reviewing the amount of margin available, and managing its cash flow. The Corporation holds investments which can be readily converted into cash when required.

(b) Market risk:

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

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

(c) Interest rate risk:

Interest rate risk is the impact that changes in interest rates could have on the Corporation's earnings and liabilities. As at March 31, 2011, 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.

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19. Financial instruments (continued)

(d) Credit risk:

Credit risk is the risk associated with the inability of a third party to fulfill its payment obligations. The Corporation is exposed to the risk that third parties that owe it money or securities (in connection with its loans receivable, for example) will not perform their underlying obligations. At March 31, 2011 the Corporation had loans and advances receivable from companies, totaling \$5,637,496 (2010 - \$6,378,921) which represents approximately 6.7% (2010 - 8.37%) of the Corporation's total assets.

(e) Commodity price risk:

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for petroleum and natural gas are impacted not only by the relationship between the Canadian and United States dollar, but also by world economic events that dictate the levels of supply and demand.

The Corporation has attempted to mitigate a portion of its commodity price risk through the use of the following contract, which is outstanding at March 31, 2011 – Financial (swap) of Light Crude with a price of \$90.42. The fair value of the contract as of March 31, 201 is a liability of \$164,069 (2010 - \$249,204).

(f) Fair value:

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

The following is a summary of the inputs used as of March 31, 2011 in valuing the Corporation's investments carried at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments, at fair value	<u>\$ 32,364,722</u>	<u>\$ 1,805,585</u>	<u>\$ 14,160,628</u>	<u>\$ 48,330,935</u>

For the period ended March 31, 2011, a reconciliation of investments measured at fair value using unobservable inputs (Level 3) is presented as follows:

Beginning balance as at December 30, 2010	\$ 13,669,056
Additional investments	720,821
Disposal of investments	<u>(229,249)</u>
Balance at March 31, 2011	<u>\$ 14,160,628</u>

During the period ended March 31, 2011, there were no transfers in or out of the Level 3 investments.

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20. 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 March 31, 2011, the Corporation has three reportable segments: merchant banking and resource investment, extractive and geological advisory.

	Resource Investment	Geological Advisory	Extractive Industries	Total
Total assets	\$59,738,536	\$ 885,464	\$23,496,272	\$84,120,272
Revenues				
Geological consulting fees	-	701,160	-	701,160
Realized gains	2,899,375	-	-	2,899,375
Oil and gas sales	-	-	1,653,596	1,653,596
Unrealized gains	1,748,478	-	-	1,748,478
Royalty income	-	-	28,145	28,145
Interest, rent and dividend income	17,266	76,324	56,316	149,906
	4,665,119	777,484	1,738,057	7,180,660
Expenses				
Amortization and depletion	27,831	10,000	464,077	501,908
Business development and investor relations	240,274	18,339	696	259,309
Finance	373,594	898	83,173	457,665
Management fees	291,020	-	1,407	292,427
General and administration	63,803	109,709	153,031	326,543
Oil and gas operations	-	-	637,382	637,382
Professional fees	108,818	43,534	24,783	177,135
Project costs	-	92,072	-	92,072
Stock based compensation	-	-	-	-
Transaction costs	821,566	-	-	821,566
Wages and benefits	108,736	437,637	-	546,373
	2,035,642	712,189	1,364,549	4,112,380
Income before income taxes	2,629,477	65,295	373,508	3,068,280
Current income tax	-	13,000	-	13,000
Deferred income tax	412,551	-	98,155	510,706
Net income before non-controlling interest	2,216,926	52,295	275,353	2,544,574
Non-controlling interest	-	(26,575)	13,523	(13,052)
Net income	\$ 2,216,926	\$ 25,720	\$ 288,876	\$ 2,531,522

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards

As disclosed in note 2, these are the Corporation's first financial statements prepared in accordance with IFRS. The Corporation has adopted IFRS effective January 1, 2011. The Corporation's annual financial statements for the year ending December 31, 2011 will be the first annual financial statements that comply fully with IFRS. The Corporation's transition date is January 1, 2010 and the Corporation has prepared its first statement of financial position at that date.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the period ended March 31, 2011, the comparative information presented in these financial statements for the period ended March 31, 2010 and December 31, 2010 and the preparation of the opening IFRS statement of financial position at January 1, 2010. The Corporation will ultimately prepare its opening statement of financial position and financial statements for 2010 and 2011 by applying existing IFRS effective as at December 31, 2011. Accordingly, the opening statement of financial position and financial statements for 2010 and 2011 may differ from these financial statements.

In preparing its opening IFRS statement of financial position, the Corporation has adjusted amounts reported previously in financial statements prepared in accordance with Previous CGAAP. An explanation of how the transition from Previous CGAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in a number of reconciliation tables including the accompanying notes.

Under IFRS 1 "First time adoption of International Financial Reporting Standards", the IFRS standards are applied retrospectively at the transition date with all adjustments to assets and liabilities as stated under CGAAP taken to retained earnings, with IFRS 1 providing certain optional exemptions and exceptions from full retrospective application of IFRS. The elected exemptions include the following:

- Business combinations – the Corporation has applied the business combination exemption in IFRS 1 to not apply IFRS 3 retrospectively to past business combinations. Accordingly, the Corporation has not restated business combinations that occurred prior to January 1, 2010.
- Share based payment transactions – the Corporation has elected not to apply IFRS 2 to share based payments to awards that vested prior to January 1, 2010. Awards that were unvested at the date of transition were restated retroactively.
- Oil and gas property cost basis – IFRS 1 allows an entity that used full cost accounting under its previous CGAAP to elect, at the time of adoption of IFRS, to measure oil and natural gas assets in the development and production phases by allocating the amount determined under the entity's previous CGAAP for those assets to the underlying assets on a pro rata basis using reserve volumes or reserve values as of that date. The Corporation has used reserve values at January 1, 2010 to allocate the cost of development and production assets.
- Decommissioning liabilities – as the Corporation elected to use the full cost accounting exemption for oil and gas, a decommissioning obligation exemption was also used that allows for the adjustment of decommissioning obligations on transition to IFRS to be offset to the Corporation's opening deficit on the statement of financial position on the transition date.

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)
Reconciliation of assets, Liabilities and Equity
January 1, 2010

	Note	CGAAP	IFRS Adjustment	IFRS
ASSETS				
Equity investments, at fair value		\$ 37,140,911	-	\$ 37,140,911
Loans and advances receivable		3,109,195	-	3,109,195
Management fees and reimbursements receivable		11,183	-	11,183
Accounts receivable and prepaids		883,881	-	883,881
Mineral properties and deposits		309,432	-	309,432
Goodwill		394,740	-	394,740
Property, plant and equipment		222,394	-	222,394
Total assets		\$ 42,071,736	-	\$ 42,071,736
LIABILITIES				
Bank indebtedness		\$ 2,023,078	-	\$ 2,023,078
Accounts payable and accrued liabilities		891,510	-	891,510
Promissory note payable		375,000	-	375,000
Convertible debentures		4,484,649	-	4,484,649
Deferred tax liabilities		2,049,785	-	2,049,785
Total liabilities		9,824,022	-	9,824,022
Minority interest	1	292,254	(292,254)	-
EQUITY				
Common shares		40,506,340	-	40,506,340
Contributed surplus		1,465,871	-	1,465,871
Equity portion of convertible debentures		734,500	-	734,500
Deficit		(10,751,251)	-	(10,751,251)
		31,955,460	-	31,955,460
Non-controlling interest	1	-	292,254	292,254
Total liabilities and equity		\$ 42,071,736	-	\$ 42,071,736

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)
Reconciliation of assets, liabilities and equity
March 31, 2010

	Note	CGAAP	IFRS Adjustment	IFRS
ASSETS				
Cash and cash equivalents		\$ 12,145,888	-	\$ 12,145,888
Equity investments at fair value		34,260,289	-	34,260,289
Loans and advances receivable		897,733	-	897,733
Accounts receivable and prepaids		806,355	-	806,355
Mineral properties and deposits		6,310,900	-	6,310,900
Goodwill		687,231	-	687,231
Property, plant and equipment		325,827	-	325,827
		\$ 55,434,223	-	\$ 55,434,223
LIABILITIES				
Accounts payable and accrued liabilities		\$ 1,076,319	-	\$ 1,076,319
Income tax payable		1,433,235	-	1,433,235
Management fees and reimbursements payable		59,356	-	59,356
Promissory note payable		375,000	-	375,000
Convertible debentures		4,563,517	-	4,563,517
Deferred tax liabilities		3,194,231	-	3,194,231
		10,701,658	-	10,701,658
Minority interest	1	333,350	(333,350)	-
EQUITY				
Common shares		47,977,511	-	47,977,511
Contributed surplus		2,023,264	-	2,023,264
Equity portion of convertible debentures		734,500	-	734,500
Deficit		(6,336,060)	-	(6,336,060)
		44,399,215	-	44,399,215
Non-controlling interest	1	-	333,350	333,350
Total liabilities and equity		\$ 55,434,223	-	\$ 55,434,223

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)
Reconciliation of net income
March 31, 2010

	Note	CGAAP	IFRS Adjustment	IFRS
Revenues				
Geological consulting		\$ 908,293	-	\$ 908,293
Realized gains (losses)		15,493,777	-	15,493,777
Unrealized (losses) gains		(7,219,759)	-	(7,219,759)
Interest, rent and dividend income		99,204	-	99,204
		9,281,515	-	9,281,515
Expenses				
Business development and investor relations		267,488	-	267,488
Interest and royalties		232,422	-	232,422
Management fees		225,065	-	225,065
Office and administration		116,852	-	116,852
Professional fees		142,698	-	142,698
Project expenses		150,356	-	150,356
Stock based compensation		557,393	-	557,393
Transaction costs		38,917	-	38,917
Wages and benefits		442,157	-	442,157
		2,173,348	-	2,173,348
Income before income taxes		7,108,167	-	7,108,167
Current income tax		1,468,265	-	1,468,265
Future income tax		1,144,446	-	1,144,446
Net income before non-controlling interest		4,495,456	-	4,495,456
Non-controlling interest		(80,265)	-	(80,265)
Net income		4,415,191	-	4,415,191
(Deficit) retained earnings, beginning of period		(10,751,251)	-	(10,751,251)
Retained earnings (deficit), end of period		\$ (6,336,060)	-	\$ (6,336,060)
Basic income per share		\$ 0.40		\$ 0.40
Diluted income per share		\$ 0.39		\$ 0.39

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Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)

Reconciliation of assets, liabilities and equity
December 31, 2010

	Note	CGAAP	IFRS Adjustment	IFRS
ASSETS				
Current assets				
Cash and cash equivalents		\$ 1,526,415	-	\$ 1,526,415
Equity instruments, at fair value		45,470,707	-	45,470,707
Loans and advances receivable		6,378,921	-	6,378,921
Accounts receivable and prepaid expenses	2	2,380,387	108,981	2,489,368
		55,756,430	108,981	55,865,411
Non-current assets				
Exploration and evaluation assets	3	5,952,897	28,175	5,981,072
Goodwill	3	1,523,152	98,070	1,621,222
Property, plant and equipment	2	12,696,285	30,926	12,727,211
Total assets		\$ 75,928,764	266,152	\$ 76,194,916
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	2	\$ 3,979,528	\$ 244,199	\$ 4,223,727
Management fees and reimbursements payable		116,624	-	116,624
Current portion of convertible debentures		4,800,119	-	4,800,119
Current portion of loans payable		1,815,773	-	1,815,773
Income taxes payable		123,409	-	123,409
Deferred income tax liabilities	4	3,588,288	(3,588,288)	-
		14,423,741	(3,344,089)	11,079,652
Non-current liabilities				
Convertible debentures		3,780,957	-	3,780,957
Loans payable		1,275,800	-	1,275,800
Promissory note payable		541,303	-	541,303
Decommissioning liabilities		168,747	-	168,747
Deferred income tax liabilities	4	1,425,386	3,588,288	5,013,674
Total liabilities		21,615,934	244,199	21,860,133
Minority interest	1	2,176,754	(2,176,754)	-
EQUITY				
Common shares		47,233,937	-	47,233,937
Contributed surplus	5	2,233,754	385,828	2,619,582
Equity portion of convertible debentures		1,440,321	-	1,440,321
Retained earnings (deficit)	2, 5	1,228,064	(490,120)	737,944
		52,136,076	(104,292)	52,031,784
Non-controlling interest	1, 3	-	2,302,999	2,302,999
Total liabilities and equity		\$ 75,928,764	\$ 266,152	\$ 76,194,916

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Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)

Reconciliation of net income
December 31, 2010

	Note	CGAAP	IFRS Adjustment	IFRS
Revenue				
Realized net gains		\$ 18,376,900	-	\$ 18,376,900
Unrealized net gains		1,291,934	-	1,291,934
Geological consulting fees		3,035,970	-	3,035,970
Oil and gas sales		1,062,699	-	1,062,699
Royalty income		336,453	-	336,453
Interest, rent and dividend income		427,793	-	427,793
		24,531,749	-	24,531,749
Expenses				
Amortization and depletion		1,639,619	-	1,639,619
Business development and investor relations		865,997	-	865,997
Interest and royalties		1,118,930	-	1,118,930
Management fees		968,155	-	968,155
Office and administration		900,470	-	900,470
Oil and gas operating expense	2	415,797	367,595	783,392
Professional fees		851,538	-	851,538
Project expenses		318,585	-	318,585
Stock-based compensation		767,883	-	767,883
Transaction costs		244,612	-	244,612
Wages and benefits		2,063,319	-	2,063,319
		10,154,905	367,595	10,522,500
Gain on disposal of asset	4	-	263,103	263,103
Income before income taxes		14,376,844	(104,492)	14,272,352
Current income tax		752,144	-	752,144
Future income tax		1,857,354	-	1,857,354
Net income before non-controlling interest		11,767,346	(104,492)	11,662,854
Non-controlling interest	5	211,969	(385,628)	(173,659)
Net income		11,979,315	(490,120)	11,489,195
Deficit, beginning of year		(10,751,251)	-	(10,751,251)
Retained earnings (deficit), end of year	2, 4, 5	\$ 1,228,064	\$ (490,120)	\$ 737,944
Basic earnings per share		\$ 0.99	\$ (0.04)	\$ 0.95
Diluted earnings per share		\$ 0.96	\$ (0.04)	\$ 0.92

49 North Resources Inc.
Notes to the Condensed Consolidated Interim Financial Statements
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21. First time adoption of International Financial Reporting Standards (continued)

1. **Reclassification of non-controlling interests to shareholders equity**
Under IFRS any non-controlling interests is to be classified as a component of equity. Under previous CGAAP non-controlling interest was classified outside of equity.
2. **Reclassification to exploration and evaluation assets**
Under IFRS, costs incurred prior to obtaining the legal right to explore must be expensed. Under CGAAP, these costs were capitalized. For the year ended December 31, 2010, the Corporation recorded \$367,595 of pre-license expenditures with a corresponding decrease in PP&E
3. **Business combinations and non-controlling interests**
Under IFRS, non-controlling interests are recognized at the non-controlling interest's proportionate share of the acquiree's identifiable net assets as reflected in the purchase price allocation. Under CGAAP non-controlling interests are recognized in the subsidiary's assets and liabilities in terms of carrying values recorded in the subsidiary's accounting records. For the year ended December 31, 2010, the Corporation recorded \$28,175 of exploration and evaluation assets, \$98,070 of goodwill and a corresponding \$126,245 in non-controlling interest.
4. **Divestitures - gain on sale of property, plant and equipment**
Under IFRS, gains and losses are recorded on divestitures and are calculated as the difference between the proceeds and the net book value of the asset disposed of. Under CGAAP, proceeds from divestitures were deducted from the full cost pool without recognition of a gain or loss. For the year ended December 31, 2010, the Corporation recorded a \$263,103 gain on disposition of oil and gas properties for IFRS as compared to nil under previous CGAAP.
5. **Deferred income taxes**
Under IFRS, all deferred tax assets and liabilities are classified as long-term. Under CGAAP, deferred tax assets and liabilities were presented according to the classification of the underlying asset or liability that created the difference in the deferred tax amount. For the year ended December 31, 2010, the Corporation reclassified \$3,588,288 of current deferred income tax liability to long term.
6. **Change in subsidiary ownership interest that do not result in loss of control**
Under IFRS any change in subsidiary ownership where the parent does not cease to have control is accounted for as an equity transaction, within contributed surplus. Under CGAAP, the change in ownership was recorded as an income transaction. For the year ended December 31, 2010, the Corporation's ownership of NEWSK Emerging Resources Ltd. decreased by 26.4% due to a private share offering in 2010. This resulted in an increase in contributed surplus of \$385,628 for IFRS with a corresponding decreased in net income by \$385,628.

The transition from CGAAP to IFRS had no material impact on the net cash flows of the Corporation.

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Notes to the Condensed Consolidated Interim Financial Statements

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22. Subsequent events

On May 6, 2011, the Corporation announced the issuance of 195,000 stock options pursuant to the Corporation's 2008 Stock Option Plan. The options are exercisable at \$3.60 per share, and if not exercised, expire May 5, 2021, subject to earlier expiration in accordance with the 2008 Stock Option Plan and the applicable policies of the TSX Venture Exchange.

On May 12, 2011, the Corporation announced that it has acquired an additional 25% equity interest in Vicarage Capital Limited, a private corporate development, investor relations and stock broking firm based in London, England that focuses on supporting small and mid cap natural resource companies. The Corporation had acquired an initial 25% stake in the company in June of 2010. Vicarage provides a wide range of corporate development, debt, equity, hedge-structuring, pre-IPO advice and capital raising services for junior resource companies who "fall beneath the radar" of larger brokers in the United Kingdom and European markets. Vicarage is authorized and regulated by the United Kingdom's Financial Services Authority. The Corporation's relationship with Vicarage in the past year has provided access to new sources of capital and enhanced market awareness for exploration and development opportunities in which the Corporation invests.

On May 27, 2011, the Corporation announced that it has engaged MGI Securities Inc. to act as agent in connection with the offer and sale, on a commercially reasonable basis, of a minimum of \$2,000,000 and a maximum of \$10,000,000 principal amount of 8% convertible unsecured subordinated debentures, issued in denominations of \$100 and integral multiples thereof.

23. Comparative figures

Certain comparative figures have been reclassified to conform to the current period presentation