

Management's Discussion and Analysis

May 14, 2009

The following provides additional analysis of the operations and financial position of TriNorth Capital Inc. (“TriNorth” or the “Company”). It is supplementary information and should be read in conjunction with the Company’s audited financial statements and accompanying notes as at December 31, 2008 and unaudited consolidated financial statements and accompanying notes for the period ended March 31, 2009.

Regulatory filings for TriNorth may be found on SEDAR at www.sedar.com, while other information related to the Company, including its net asset value, is published on its website at www.trinorthcapital.com.

FORWARD-LOOKING STATEMENTS

Included in this Management Discussion & Analysis are matters that constitute “forward-looking” information within the meaning of Canadian securities law. Such forward-looking statements may be identified by words such as “plans”, “proposes”, “estimates”, “intends”, “expects”, “believes”, “may” or words of a similar nature. There can be no assurance that such statements will prove to be accurate. Actual results and future events could differ materially from such statements. Factors that could cause actual results to differ materially include among others, regulatory risks, risk inherent in foreign operations, commodity prices and competition. These factors are largely outside the control of the Company. All subsequent forward-looking statements attributable to the Company or its agents are expressly qualified in their entirety by these cautionary comments. Except as otherwise required by applicable securities statutes or regulation, the Company expressly disclaims any intent or obligation to update publicly forward-looking information, whether as a result of new information, future events or otherwise.

OVERVIEW

TriNorth is an investment company with investments in a diversified portfolio of companies. TriNorth’s investment strategy includes structuring and initiating deals focused on particular resources, themes or regions as well as launching the development of businesses in select industries by providing assistance with the hiring of management teams, providing seed capital and facilitating IPOs. TriNorth will also invest in publicly traded companies that are trading at compelling and attractive valuations.

Pursuant to the terms of a management agreement, the Company is managed by Lawrence Asset Management Inc. (the “Manager”). The Manager is responsible for providing or arranging for investment management and advisory services as well as administrative and accounting services.

RESULTS OF OPERATIONS

Net loss for the period ending March 31, 2009 was \$418,175 compared to a net loss of \$1,116,785 for the corresponding period in the prior year. During the first quarter, the following significant events occurred:

- The Company sold its investment in Chevalier Resources for proceeds of \$220,000 and recorded a loss of \$220,000.
- The fair value of TriNorth’s marketable securities increased by \$803,248 from December 31, 2008.

- The Company's share of loss from Russo-Forest Corporation was \$273,035.
- Management fees declined to \$63,858 for the period ending March 31, 2009 compared to \$127,691 for the same period last year.
- Project development expenses, primarily for travel and consultants, were \$227,025. The Company is continuing its efforts, started in the second quarter of 2008, to establish an African based agriculture business.

SUMMARY OF QUARTERLY RESULTS

(\$000's except per share information)

	31-Dec-08	30-Sep-08	30-Jun-08	31-Mar-08	31-Dec-07
	\$	\$	\$	\$	\$
Net investment gains (losses)	(9,895)	(164)	2,265	(867)	-
Net income (loss) for the period	(10,938)	(1,467)	1,921	(1,117)	(675)
Earnings (loss) per share	(0.007)	(0.010)	0.013	(0.007)	(0.004)
				31-Mar-09	
				\$	
Net investment gains				111	
Net loss for the period				(418)	
Earnings (loss) per share				(0.003)	

Results for the quarter ended December 31, 2007 are for the period of October 10 to December 31, 2007. Variances in quarterly results occur due to the timing of disposition of investments and revaluations of marketable securities due to fluctuations in the public markets. Privately-held equity investments are revalued at their fair values if the Company has determined that there is a permanent impairment in the value of the investment.

FINANCIAL POSITION AND LIQUIDITY

During the quarter ended March 31, 2009, cash outflow from operating activities before non-cash working capital balance adjustments was \$802,641. After reflecting the changes in accounts receivable, prepaid expenses, payables and share of loss of equity accounted investee, cash outflow from operations was \$1,195,031 compared to an outflow of \$265,363 for the corresponding period in the prior year.

Working capital at March 31, 2009 was \$5,645,816 including cash and cash equivalents of \$2,361,764 and marketable securities of \$3,438,021. These amounts are sufficient to fund the Company's operations and to support its current investments.

Current liabilities were \$194,416 as at March 31, 2009 of which \$21,429 represented liabilities to a related party.

Net cash outflow from the purchase of marketable securities was \$499,705.

INVESTMENTS

Russo Forest Corporation (“Russo”)

The Company owns approximately 26.6% of Russo, a Russian based forestry company. In addition, the Company has loaned Russo \$1,371,022.

In February, 2009, Russo announced that it would be acquired by Nyah Resources Corp. (TSXV: NRU) (“Nyah”) in a reverse takeover. This proposed transaction is subject to a number of conditions including regulatory approval by the TSX Venture Exchange. As a result of this reverse takeover, approximately 80% of Nyah’s shares will be owned by Russo-Forest’s current shareholders, with the balance held by Nyah’s current shareholders. TriNorth will own approximately 27.6% of Nyah on the completion of the transaction. If this transaction closes, Russo would have access to approximately \$1.5 of additional cash to fund its operations.

During the period, the Company recorded \$273,035 as its share of Russo’s net loss.

Summary financial information for Russo for the period ended March 31, 2009.

Total revenue	\$	588,762
Total expenses		1,615,209
Net loss		(1,026,447)
Working capital		(970,648)
Non-current assets		7,931,104
Shareholders' equity		4,092,816

Saber Energy Corp. (“Saber”)

Saber is conducting a limited exploration program on properties that have the greatest potential. Saber has received an extension on the repayment of its loans payable and may consider additional asset sales, including equipment, in order to raise cash for exploration.

Wild Horse Farms & Bio-Energy Corporation (“Wild Horse”)

Average commodity prices for 2009 are expected to be lower than 2008. As a consequence, Wild Horse’s gross margins are forecast to decline in 2009. Wild Horse is attempting to raise additional capital for its operations.

Chevalier Resources Inc. (“Chevalier”)

In March, 2009, TriNorth sold its entire investment in Chevalier for \$220,000 as the decline in the price of copper and the difficulty in raising capital no longer made Chevalier an attractive investment.

Investments in public companies

	Fair value	Cost
	\$	\$
CIC Energy Corp.	903,610	1,254,581
Day 4 Energy Inc.	650,000	1,755,000
Homeland Energy Group Ltd.	1,884,411	2,081,649
	3,438,021	5,091,230

RELATED PARTY TRANSACTIONS AND CONTRACTUAL OBLIGATION

Lawrence Asset Management Inc. is the manager of the Company and in accordance with a management agreement is entitled to a management fee of 2% of the Company's net asset value. For the period ended March 31, 2009, a management fee of \$63,858 (2008: \$127,407) was recorded. As at March 31, 2009, the amount accrued and payable to the manager is \$21,429.

The Manager provides or arranges for all general management and administrative services required by the Company in its day-to-day operations, including investment advice, establishment of brokerage arrangements relating to the purchase and sale of investments of the portfolio, bookkeeping and record-keeping.

CRITICAL ACCOUNTING ESTIMATES

The preparation of the Company's financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. These estimates and assumptions affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. The Company's accounting policies are described in Note 2 to the financial statements

Areas in which significant judgement and estimates are used include, but are not limited to, the fair values of the Company's investments. Available-for-sale securities are generally carried at cost except where there has been impairment (a decline in value that is other than temporary) in which case the investment is written down to fair value to recognize the impairment loss.

Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Manager uses estimation techniques to determine fair value, which may include arm's length transactions, discounted cash flows, multiples of earnings or production and comparison with other securities that are substantially the same.

DISCLOSURE CONTROLS AND INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company. It has used the Committee of Sponsoring Organizations of the Treadway Commission framework to evaluate the effectiveness of the Company's internal control over financial reporting.

Management has implemented such disclosure controls and procedures, as defined by National Instrument 52-109, to provide reasonable assurance that material information relating to the Company is made known to the Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") by others during the period in which the annual filings are being prepared. The CFO evaluated the effectiveness of the Company's disclosure controls as at March 31, 2009. The CEO and CFO have concluded that those disclosure controls were effective for the most recent period.

Management has designed such internal controls over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with GAAP. Management has concluded that its internal controls over financial reporting are effective as at March 31, 2009.

RISK FACTORS AND RISK MANAGEMENT

The Company's investment strategy requires assuming risk in exchange for an above average return on investment. Each of TriNorth's investee companies is subject to the risks inherent in the region and

industry in which it operates. Such risks include political, currency, market and liquidity risk. The investee companies are all at an early stage of development and may continue to require additional capital to develop their business plans until they become self-funding.

Credit Risk, Liquidity Risk and Market Risk

Credit risk is the risk of financial loss when a counterparty defaults on its obligations to the Company. Liquidity risk is the risk that the Company is unable to fulfill its financial obligations as they become due. Market risk occurs when changes in interest rates, foreign exchange rates and commodity prices affect the fair value of, or future cash flows from the Company's financial instruments.

The Company relies on the expertise of the Manager's experience as a portfolio manager in managing risk. Prior to making an investment the Manager will engage in extensive due diligence, which would include site visits and the engagement of consultants with industry and sector experience. In the case of investments in private companies, the Manager will, to the extent possible, structure the investment transaction to facilitate the disposition of the Company's investment at a time that would maximize the Company's returns. In addition TriNorth actively manages its investment portfolio and maintains a diversified portfolio of investments. It is impossible to eliminate all risks which a specific investment is subjected to. However, by maintaining a number of holdings in different regions and sectors of the economy, the Company diversifies its specific risks and hence reduces its overall risk.

OUTSTANDING SHARE DATA

The Company has two authorized classes of shares: an unlimited number of common shares and an unlimited number of preference shares, issuable in series. As at March 31, 2009, there were 150,747,317 outstanding common shares and no outstanding preference shares.

OUTLOOK

TriNorth continues to assist its privately-held companies build their business and maximize shareholder value. We remain cautious on the state of the economy and commodity prices.

TriNorth Capital Inc.

**Consolidated Financial Statements
(Unaudited)**

March 31, 2009

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Notice

The consolidated balance sheets of TriNorth Capital Inc. as at March 31, 2009 and the consolidated statements of operations and comprehensive loss and deficit for the three month period then ended have been prepared by management. These statements have not been audited or reviewed by the Company's auditor.

TriNorth Capital Inc.
Consolidated Balance Sheets

(Unaudited)	As at March 31, 2009	As at December 31, 2008
ASSETS		
Cash and cash equivalents	\$ 2,361,764	\$ 3,891,916
Marketable securities (Note 7)	3,438,021	2,333,851
Prepaid expenses and other assets	40,447	12,150
Loan receivable (Note 3)	1,524,853	1,469,437
Investments (Note 3)	4,478,033	5,191,068
	\$ 11,843,118	\$ 12,898,422
LIABILITIES		
Accounts payable and accrued liabilities	\$ 194,416	\$ 831,545
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	55,518,529	55,518,529
Contributed Surplus	34,048,593	34,048,593
Share Purchase Warrants (Note 5)	7,041,980	7,041,980
Deficit	(84,960,400)	(84,542,225)
	11,648,702	12,066,877
	\$ 11,843,118	\$ 12,898,422

See accompanying notes.

Approved on behalf of the Board:

John Pennal
Director

John Crow
Director

TriNorth Capital Inc.**Consolidated Statements of Operations and Comprehensive Loss and Deficit****For the three months ended March 31,**

(Unaudited)	2009	2008
Net investment gain (loss)		
Realized loss on disposal of marketable securities	\$ (198,782)	\$ -
Realized loss on disposal of investments designated as available-for-sale	(220,000)	-
Change in unrealized loss on marketable securities	803,248	-
Share of loss in equity accounted investment	(273,035)	(867,000)
	111,431	(867,000)
Other revenue		
Interest	6,958	135,407
	6,958	135,407
Expenses		
Management fee (Note 8)	63,858	127,691
Operating, general and administrative	245,681	257,501
Project development	227,025	-
	536,564	385,192
Net loss for the period and comprehensive loss	(418,175)	(1,116,785)
Deficit, beginning of period	(84,542,225)	(72,941,370)
Deficit, end of period	\$ (84,960,400)	\$ (74,058,155)
Basic and diluted loss per share	(\$0.003)	(\$0.007)

See accompanying notes.

TriNorth Capital Inc.

Consolidated Statements of Cash Flows

For the three months ended March 31,

(Unaudited)	2009	2008
Operating activities		
Net loss for the period	\$ (418,175)	\$ (1,116,785)
Items not affecting cash:		
Realized loss on disposal of marketable securities	198,782	-
Realized loss on disposal of investments designated as available-for-sale	220,000	-
Change in unrealized loss on marketable securities	(803,248)	(1,125)
Share of loss in equity accounted investment	273,035	867,000
Net change in non-cash working capital balances		
Prepaid expenses and other assets	(28,296)	21,431
Accounts payable and accrued liabilities	(637,129)	(35,884)
	(665,425)	(14,453)
Cash used in operating activities	(1,195,031)	(265,363)
Investing activities		
Proceeds from disposal of marketable securities	575,468	-
Purchase of marketable securities	(1,075,173)	-
Proceeds from disposal of equity accounted investments	220,000	-
Purchase of equity accounted investments	-	(1,500,000)
Loan to equity accounted investment	(55,416)	470,825
Cash used in investing activities	(335,121)	(1,029,175)
Net decrease in cash and cash equivalents during the period	(1,530,152)	(1,294,538)
Cash and cash equivalents, beginning of period	3,891,916	13,350,873
Cash and cash equivalents, end of period	\$ 2,361,764	\$ 12,056,335

See accompanying notes.

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

1. DESCRIPTION OF BUSINESS

TriNorth Capital Inc. (“TriNorth” or the “Company”) is an investment company with investments in a diversified portfolio of commodity based companies. TriNorth’s investment strategy includes structuring and initiating deals focused on particular resources, themes or regions.

The Company is managed by Lawrence Asset Management Inc. (the “Manager”). The Manager is responsible for providing or arranging for investment and advisory services as well as administrative and accounting services.

2. SIGNIFICANT ACCOUNTING POLICIES

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”), however, these statements do not include all GAAP disclosures required for annual financial statements. These consolidated financial statements should be read in conjunction with the audited consolidated financial statements of the Company for the year ended December 31, 2008.

Investments

Privately-held equity investments over which the Company does not have the ability to exercise significant influence are classified as available for sale and are carried at cost. If there is pervasive evidence that such an investment is impaired (decline in value other than temporary), the investment is written down to its fair value to recognize its impairment. Estimated fair value is determined on the basis of the expected realizable value of the investments if they were disposed of in an orderly manner over a reasonable period of time. The Company uses estimation techniques to determine fair value, which may include arm’s length transactions, discounted cash flows, multiples of earnings or production and comparison with other securities that are substantially the same.

The fair value of a privately-held investment may be re-valued downward if:

- the investee is placed into receivership or bankruptcy
- political or economic changes occur in a country in which the company operates which restrict the investee company from operating normally
- significant changes occur in commodity prices or markets in which the investee invests
- the investee is unable to access financing that would permit it to continue operations
- changes occur in management that would have a negative impact on the investee’s operations.

The process of valuing investments for which no published market exists is inevitably based on inherent uncertainties and the resulting values may differ from values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.

Any difference between the fair value and the cost of the investments as a result of a write-down is recorded as an impairment of investments designated as available-for-sale.

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

Investments in shares of investee companies in which the Company's ownership is greater than 20% but not more than 50% and over which the Company has the ability to exercise significant influence, are accounted for using the equity method. Under the equity method, the investment is initially recorded at cost. The carrying value is subsequently adjusted for the Company's proportionate share of the net income or loss of the equity accounted investment and any write-downs due to impairment. The Company's share of net income or loss of such investment is recorded in the consolidated statements of operations.

3. INVESTMENTS

The Company's investments as at March 31, 2009 and December 31, 2008 are as follows:

Private investment accounted for using the equity method:

	<u>2009</u>	<u>2008</u>
Russo-Forest Corporation		
Opening balance	\$ 977,435	\$ 525,000
Purchase of investment	-	1,500,000
Less: TriNorth share of loss	(273,035)	(543,565)
Charge for impairment	-	(504,000)
	<u>704,400</u>	<u>977,435</u>

Private investments designated as available-for-sale

Chevalier Resources Inc.	-	440,000
Saber Energy Corporation	1,699,133	1,699,133
Wild Horse Farms & Bio Energy Corporation	2,002,500	2,002,500
C3 Resources	72,000	72,000
Total private investments designated as available-for-sale	<u>3,773,633</u>	<u>4,213,633</u>
Total investments as at March 31, 2009 and December 31, 2008	<u>\$ 4,478,033</u>	<u>\$ 5,191,068</u>

Russo-Forest Corporation

In December 2007, the Company made a \$525,000 equity investment at \$0.10 per share for a 25% interest in Russo-Forest Corporation ("Russo"), a Russian forest company harvesting wood in Russia's northwest and Far East under long-term leases. In January 2008, the Company invested an additional \$1.5 million for 3,000,000 units of Russo at a price of \$0.50 per unit, as part of a \$5 million private placement. Each unit is comprised of one common share and one share purchase warrant, with each warrant entitling the holder to acquire one common share at a price of \$1.00 for a period of five years. At the close of this round of financing, TriNorth had an interest in Russo of approximately 26.6%.

In addition to the Company's equity investment, the Company has loaned Russo \$1,371,022 which is secured by the assets of Russo, due on October 18, 2009 and bears interest at 15% per annum. This amount is included in loan receivable on the consolidated balance sheets.

Summary financial information for Russo for the period ended March 31, 2009.

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

	<u>2009</u>
Total revenue	\$ 588,762
Total expenses	1,615,209
Net loss	(1,026,447)
Working capital	(970,648)
Non-current assets	7,931,104
Shareholders' equity	4,092,816

Chevalier Resources Inc.

In March 2009, TriNorth disposed of its investment in Chevalier Resources for \$220,000 and recorded a loss on disposition of \$220,000.

Saber Energy Corporation

In November 2007, the Company made a US\$4,995,000 common share investment at US\$0.90/share in Saber Energy Corporation ("Saber"), a Botswana-based early stage private company focused on coal bed methane exploration. This represents an approximately 3.7% ownership stake in Saber. In 2008, the Company wrote down its investment in Saber by \$3,055,107.

Wild Horse Farms & Bio Energy Corporation

In May 2008, the Company invested \$2,002,500, for an 8.8% ownership interest in Wild Horse Farms & Bio Energy Corporation ("Wild Horse"), a start up company planning to establish one of Canada's largest corporate farms. The Company's ownership increased to 9.6% at no additional cost when Wild Horse issued additional shares to investors in its private placement after it was unable to list its shares on a recognized stock exchange by December 31, 2008. Wild Horse is focused on higher yield, lower risk irrigated farmland in the Lake Diefenbaker area of Saskatchewan.

C3 Resources

On July 2008 the Company invested \$150,000 in C3 Resources, a Nevada based gold exploration company. In 2008, the Company wrote down its investment in C2 Resources by \$78,000.

4. SHARE CAPITAL

The Company has two authorized classes of shares: an unlimited number of common shares and an unlimited number of preference shares, issuable in series. The Company's Common Shares are traded on the Toronto Stock Exchange, stock symbol "TRT". As at December 31, 2008, there were 150,747,317 outstanding Common Shares and no outstanding preference shares. Common shares issued are as follows:

	Number of shares	Stated Capital
Shares outstanding, March 31, 2009 and December 31, 2008	150,747,317	\$ 55,518,529

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

5. SHARE PURCHASE WARRANTS

At the effective date of exercise of the 132,021,000 special warrants and resulting issuance of the common share purchase warrants, the latter warrants as well as the 6,601,050 warrants issued to the Company's underwriters were assigned a value of \$7,041,980 by applying the Black-Scholes valuation model using the following assumptions:

Number of warrants	132,021,000	6,601,050
Price	\$0.24	\$0.20
Volatility	40%	
Risk-free interest rate	4.25%	
Expected dividend yield	Nil	
Expiry date	October 10, 2010*	

* In accordance with the terms of the private placement and following the date which is 12 months after the closing date of the Reorganization, in the event that the Common Shares trade on the Toronto Stock Exchange (or such other Canadian stock exchange on which the Common Shares may then be listed) at a weighted-average closing price of not less than \$0.40 for a period of at least 20 consecutive trading days, the Company shall be entitled to accelerate the exercise period of the Warrants to a period ending at least 30 days from the date notice of such acceleration is provided to the holders of Warrants.

6. INCOME TAXES

The Company has capital losses of approximately \$142,355,672 and non-capital losses of \$10,697,250 that may be carried forward to reduce income taxes in future years.

If not utilized, the non-capital losses will expire as follows:

2012	291,656
2013	3,711,841
2014	442,399
2015	367,041
2016	801,603
2017	1,673,226
2018	3,409,484
	<u>\$ 10,697,250</u>

The Company has recorded a valuation allowance for the full amount of its future income tax assets related to capital and non-capital losses carried forward because it is uncertain that these tax losses will be utilized in the foreseeable future, and accordingly, the Company has not recognized any tax recoveries in its financial statements. The value of unused tax losses and deductible temporary differences for which no future income tax assets have been recognized, is approximately \$25.2 million.

7. FINANCIAL INSTRUMENTS

The Company is exposed to various types of risks that are associated with its investment strategies, financial instruments and markets in which it invests. These risks and related risk management practices employed by the Company are discussed below:

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

Currency risk

The Company is exposed to currency risk as expenses for some of its operating activities and investments are in currencies not denominated in Canadian dollars. As at March 31, 2009, the Company had U.S. dollar denominated cash and loan receivable of \$1,281,758 and cash of 113,754 pounds sterling. The Company does not hedge its foreign currency exposure.

Market risk

The Company is exposed to market risk with respect to its cash equivalents, marketable securities, loan receivable and investments. The fair value of these financial instruments will fluctuate due to changes in market prices. Marketable securities owned by the Company as at March 31, 2009 are as follows:

	Fair value	Cost
	\$	\$
CIC Energy Corp.	903,610	1,254,581
Day 4 Energy Inc.	650,000	1,755,000
Homeland Energy Group Ltd.	1,884,411	2,081,649
	<u>3,438,021</u>	<u>5,091,230</u>

Credit risk

The Company is exposed to credit risk associated with its cash and cash equivalents. Credit risk is substantially minimized by ensuring that such investments are limited, where possible to government securities, well capitalized financial institutions and other creditworthy entities. As the Company has investments in Africa, the Company is exposed to credit risk for deposits in African banks, for which the Company has limited financial information. As at March 31, 2009, the Company had US\$67,333 of cash with a bank in Africa.

8. RELATED PARTY TRANSACTION

The Company entered into a management contract with the Manager to manage the undertakings of the Company. The Company has agreed to pay the Manager a 2% management fee per annum, based on the Company's net asset value, and a performance fee, based upon the increase in the Company's net asset value above a benchmark. For the period ended March 31, 2009, a management fee of \$63,858 (March 31, 2008 - \$127,691) was recorded.

These transactions occurring in the normal course of operations are recorded at the amount which has been established and agreed to by the related parties.

9. CAPITAL AND RISK MANAGEMENT

The Company's capital is comprised of shareholders' equity. The Company's objective for its capital is to maximize shareholder value. In this regard, TriNorth invests in companies that have the potential of providing TriNorth with an above average return on investment. Capital is allocated to different industries and geographic areas to maintain a balanced portfolio and to mitigate risk. The Company's investment strategy focuses on opportunities in agriculture, natural resources and energy.

TriNorth Capital Inc.

Notes to the Consolidated Financial Statements

March 31, 2009

The Company relies on the expertise of the Manager's experience as a portfolio manager in managing risk. Prior to making an investment the Manager will engage in due diligence activities, which would include site visits and the engagement of consultants with industry and sector experience. In the case of investments in private companies, the Manager will, to the extent possible, structure the investment transaction to facilitate the disposition of the Company's investment at a time that would maximize the Company's returns.

The Company does not have any externally imposed capital requirements and believes that it has sufficient working capital for ongoing operations.

10. DIRECTORS STOCK OPTION PLAN

The Company has implemented a Directors Stock Option Plan which permits directors to receive their quarterly fees either in cash or stock options. Each option granted under the plan is for a maximum term of seven years with an exercise price equal to the Company's closing share price on the last day of the applicable quarter and vests immediately. A Director electing to exercise an option is required to purchase the shares for the exercise price.

There were no options issued for the three month period ended March 31, 2009. At March 31, 2009 the number of options outstanding and exercisable is as follows:

<u>Exercise price</u>	<u>Quantity</u>	<u>Expiry date</u>
\$0.19	143,426	May 12, 2015
\$0.30	111,312	June 30, 2015
\$0.11	242,450	September 30, 2015
\$0.03	825,006	December 31, 2015

The fair value of the options granted was estimated at the date of the grant using the Black-Scholes option pricing model with the following assumptions:

Volatility	average rate of 109%
Risk free interest rate	3.41% to 3.45%
Expected dividend yield	Nil
Expected option life	Seven years

11. COMPARATIVE FIGURES

Certain comparative figures from the prior year have been reclassified to conform with the current year's presentation.