

Management's Discussion and Analysis

November 13, 2008

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 financial statements and accompanying notes for the period from January 1 to September 30, 2008.

Regulatory filings for TriNorth may be found on SEDAR at www.sedar.com, while other information related to the Company, including its fair 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.

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.

INVESTMENTS

Russo Forest Corporation

During the third quarter, the Company loaned Russo Forest \$1 million in order for Russo to continue building its operations. Russo’s sales and net loss for the nine month period ending September 30th were \$312,033 and \$2,259,270 respectively. Net working capital as at September 30th was \$574,269. Russo will continue to require financial support from its shareholders in order to grow.

Saber Energy Corporation

Saber is in preliminary merger discussions with Talon Metals Corp. Talon, an exploration company with several gold projects in Brazil, is listed on the Toronto Stock Exchange. In addition, Talon has agreed to lend Saber \$6 million. The companies anticipate concluding preliminary merger discussions by the end of March 2009.

MagMinerals Potash Corp.

Due to market conditions, MagMinerals was unable to complete a liquidity event, such as the listing of its shares on a recognized stock exchange by October 3, 2008. Consequently, investors who subscribed to a private placement of subscription receipts in April 2008 received an extra .05 share per subscription receipt held. The Company's subscription receipts may now be exercised for 787,500 common shares, an increase from 750,000 common shares.

Wild Horse Farms & Bio Energy Corporation

Wild Horse has acquired approximately 25,000 acres of farm land and intends to purchase another 20,000 acres in 2009. Wild Horse harvested its first crops of canola, corn, pinto beans and wheat this quarter. Cashflow generated from the harvest is expected to be approximately \$2.5 million.

Chevalier Resources Inc.

In July, 2008, the Company invested \$2,080,000, for an 14.8% ownership interest in Chevalier Resources. Chevalier is an exploration stage mining company with ownership of promising copper, cobalt and tin deposits in the Katanga region of the Democratic Republic of the Congo. Chevalier is attempting to raise capital in order to start small scale production of copper and cobalt near Lubumbashi.

Investments in public companies

In October 2008, the Company made the following investments in publicly traded companies:

CryoCath Technologies Inc. for \$841,510. CryoCath has agreed to be acquired by Medtronic Inc. for \$8.75 per share. Medtronic's acquisition closed on November 12, 2008.

Homeland Energy Group Ltd. for \$1,146,676. Homeland is focused on coal production and resource development, primarily in South Africa.

CIC Energy Corp. for \$1,081,000. CIC is developing a power station and integrated coal mine in Botswana.

Day 4 Energy Inc. for \$1,755,000. Day 4 is a Canadian based solar energy company that manufactures and designs solar electric modules.

RESULTS OF OPERATIONS

The Company earned \$164,010 in the third quarter as it took advantage of the turmoil in capital markets to acquire shares in CHC Helicopter, a company that was trading at a deep discount to a fully financed takeover bid. Offsetting this gain was a write down of \$65,777 of a marketable security.

In the third quarter the Company paid the Manager \$137,782 for management services pursuant to the terms of an investment management agreement while general and administrative expenses totalled \$1,219,846. Included in general and administrative expenses were write-offs of previously capitalized project development expenses in the amount of \$477,872. These write-offs were related primarily to consulting and due diligence expenses for projects in which the Company decided to not pursue because they did not have a return on investment that justified the risk. General and administrative expenses were higher than usual due to the immediate expensing of project development costs, which in the past may have been deferred.

As a result of the foregoing, the Company recorded an operating loss from operations of \$1,204,703 during the third quarter. After recording the Company's share of losses from its equity-accounted

investee of \$262,410, the Company reported a net loss and comprehensive loss of \$ 1,467,113 for the three month period ended September 30, 2008.

FINANCIAL POSITION AND LIQUIDITY

During the three month period ended September 30, 2008, cash outflow from operating activities before non-cash working capital balance adjustments was \$1,180,953. After reflecting the changes in accounts receivable, prepaid expenses, payables and share of loss of equity accounted investee, cash outflow from operations was \$1,733,060.

Working capital at September 30, 2008 was \$9,531,731 including cash and cash equivalents of \$8,325,661 and marketable securities of \$46,454.

Current liabilities were \$107,815 as at September 30, 2008, of which \$47,736 represented liabilities to a related party.

Net cash outflow from investing activities during the third quarter was \$2,230,000. The Company estimates that it has sufficient cash resources to fund its operations for the next 12 months.

STOCK BASED COMPENSATION

On May 12, 2008 the Company 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.

During the third quarter, directors chose to receive their directors' fees either completely in options or 50% in options and 50% cash.

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.

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. This is deemed a critical accounting estimate and has been included in the Company's significant accounting policies as described in Note 3 to the financial statements.

DISCLOSURE CONTROLS AND CONTROLS OVER FINANCIAL REPORTING

Management is responsible for establishing and maintaining disclosure controls and procedures and internal controls over financial reporting for the Company.

Management has implemented such disclosure controls and procedures 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 September 30, 2008. 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 internal controls over financial reporting are effective as at September 30, 2008.

FUTURE ACCOUNTING PRONOUNCEMENTS

International Financial Reporting Standards

In 2006, Canada’s Accounting Standards Board (AcSB) ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being converged with International Financial Reporting Standards (IFRS) over a transitional period currently expected to be until 2011. In April 2008, the AcSB issued an exposure draft which requires IFRS to replace Canadian GAAP for interim and annual financial periods beginning on or after January 1, 2011, including comparative figures. The impact of this transition on the Company’s financial statements is still being determined.

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 are subject to the risks inherent in the region and industry in which they operate. 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.

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 September 30, 2008, there were 150,747,317 outstanding common shares and no outstanding preference shares.

OUTLOOK

A global recession which started in Europe in the third quarter is expected to spread to North by the fourth quarter. Governments from around the world, in a loosely co-ordinated effort have employed fiscal and monetary policies in order to stimulate the world's economy. It is unclear how effective these measures will be in mitigating what potentially could be the most severe economic contraction since the Great Depression. As long as the risk to a prolonged and deep recession persists, commodity prices are unlikely to recover. In such a scenario capital markets are likely to remain unreceptive to commodity-related companies. As the Company's investments are primarily in commodity-based industries, we remain focused on surviving this period of difficulty with internal resources and creating value outside of capital markets.

TriNorth Capital Inc.

Unaudited Financial Statements

September 30, 2008

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Notice

The balance sheets of TriNorth Capital Inc. as at September 30, 2008 and the statements of operations and comprehensive income and cash flows for the three month and nine month periods then ended have been prepared by management. These statements have not been audited or reviewed by the Company's auditor.

TriNorth Capital Inc.

Balance Sheet

(Unaudited)	As at September 30, 2008	As at December 31, 2007
ASSETS		
Current		
Cash and cash equivalents	\$ 8,325,661	\$ 13,350,873
Marketable securities	46,454	173,581
Loans receivable	1,081,739	470,825
Project development	209,442	-
Prepaid expenses and other assets	-	32,591
	9,663,296	14,027,870
Investments (Note 3)	13,424,331	9,741,840
	\$ 23,087,627	\$ 23,769,710
LIABILITIES		
Accounts payable and accrued liabilities	\$ 107,815	\$ 202,228
SHAREHOLDERS' EQUITY		
Share Capital (Note 4)	55,518,529	55,518,529
Contributed Surplus	34,023,843	33,948,343
Share Purchase Warrants (Note 5)	7,041,980	7,041,980
Accumulated Other Comprehensive Income	-	-
Deficit	(73,604,540)	(72,941,370)
	22,979,812	23,567,482
	\$ 23,087,627	\$ 23,769,710

See accompanying notes.

Approved on behalf of the Board

Amar Bhalla
Director

John Crow
Director

TriNorth Capital Inc.**Statements of Operations and Comprehensive Income**

(Unaudited)	Three months ended September 30, 2008	Nine months ended September 30, 2008
Net investment gain		
Gain on disposal of investments	\$ 164,010	\$ 2,710,160
Unrealized loss on investment	(65,777)	(127,127)
	98,233	2,583,033
Other revenue		
Interest	54,692	274,979
	152,925	2,858,012
Expenses		
Management fee (Note 8)	137,782	400,772
Administration and other expenses	1,219,846	1,771,000
	1,357,628	2,171,772
Income (loss) before the undernoted	(1,204,703)	686,240
Share of loss of equity accounted investees	(262,410)	(1,349,410)
Net loss from operations	(1,467,113)	(663,170)
Other comprehensive income	-	-
Deficit, beginning of period		(72,941,370)
Deficit, end of period	\$ (1,467,113)	\$ (73,604,540)
Net loss per share	(\$0.010)	(\$0.004)

See accompanying notes.

TriNorth Capital Inc.**Statements of Cash Flows**

(Unaudited)	Three months ended September 30, 2008	Nine months ended September 30, 2008
Operating activities		
Net loss for the period	\$ (1,467,113)	\$ (663,170)
Items not affecting cash:		
Stock based compensation	23,750	75,500
Realized gain on sale of investment	-	(1,296,900)
Share of loss of equity accounted investees	262,410	1,349,410
Net change in non-cash working capital balances		
Marketable securities	65,777	127,127
Prepaid expenses and other assets	12,284	32,591
Loan receivable	(1,081,739)	(610,914)
Project development	439,961	(209,442)
Accounts payable and accrued liabilities	11,610	(94,413)
	(552,107)	(755,051)
Cash used in operating activities	(1,733,060)	(1,290,211)
Investing activities		
Net purchase of investments	(2,230,000)	(3,735,001)
Cash used in investing activities	(2,230,000)	(3,735,001)
Net decrease in cash and cash equivalents during the period	(3,963,060)	(5,025,212)
Cash and cash equivalents, beginning of period	12,288,721	13,350,873
Cash and cash equivalents, end of period	\$ 8,325,661	\$ 8,325,661
Supplemental cash flow information		
Income taxes paid	\$ -	\$ -
Interest paid	\$ -	\$ -

See accompanying notes.

**Notes to the Unaudited Financial Statements
September 30, 2008**

1. DESCRIPTION OF BUSINESS

TriNorth Capital Inc. (“TriNorth” or the “Company”) 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.

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 AND CHANGES IN ACCOUNTING POLICIES

These unaudited interim financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles (“GAAP”).

These financial statements should be read in conjunction with the audited financial statements of the Company for the year ended December 31, 2007 and follow the same accounting policies and methods of their application as the most recent audited financial statements for the year ended December 31, 2007 except for the following:

Effective January 1, 2008, the Company adopted the new recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook Section 3862, “Financial Instruments – Disclosure” (Section 3862) and Section 3863, “Financial Instruments – Presentation” (Section 3863), which replaced Handbook Section 3861, “Financial Instruments - Disclosure and Presentation”. The objective of the disclosure requirements of Section 3862 is to provide information about the significance of financial instruments to the Company's financial position and performance, the nature and extent of risks arising from financial instruments to which the Company is exposed and how the Company manages those risks. Section 3863 carries forward standards for presentation of financial instruments and non-financial derivatives and provides guidance for the classification of financial instruments, from the perspective of the issuer, between liabilities and equity, the classification of related interest, dividends, losses and gains, and circumstances in which financial assets and financial liabilities are offset.

The adoption of these standards did not have an impact on the classification and valuation of financial instruments.

Effective January 1, 2008, the Company adopted the CICA Handbook Section 1535, “Capital Disclosures” which specifies the disclosure of an entity’s objectives, policies and processes for managing capital and how it is meeting those objectives. The new disclosures resulting from adoption of this standard are included in note 9.

Effective January 1, 2008, the Company adopted EIC 165, *Accounting by an Investor upon a Loss of Significant Influence*. This abstract provides that if a company no longer has significant influence over an equity method accounted investee but continues to be an equity investor, then, as part of discontinuing the equity method of accounting, the company would derecognize its portion of investee Other Comprehensive Income, with an offset to the carrying value of the investment. Prior periods are restated as if significant influence had never been in place. Adoption of this standard will have an effect on the

Company's future financial statements as its interest in equity accounted investments change but not on the Company's fair value.

In 2006, Canada's Accounting Standards Board (AcSB) ratified a strategic plan that will result in Canadian GAAP, as used by public companies, being converged with International Financial Reporting Standards (IFRS) over a transitional period currently expected to be until 2011. In April 2008, the AcSB issued an exposure draft which requires IFRS to replace Canadian GAAP for interim and annual financial periods beginning on or after January 1, 2011, including comparative figures. The impact of this transition on the Company's financial statements is still being determined.

3. INVESTMENTS

The Company's investments as at September 30, 2008 are as follows:

<i>Investment accounted for using the equity method:</i>	
Russo Forest Corporation	\$ 2,025,000
Less: TriNorth share of loss	<u>(587,410)</u>
	<u>1,437,590</u>
<i>Investments accounted for using the cost method:</i>	
Chevalier Resources	2,080,000
MagMinerals Potash Corporation	3,000,000
Saber Energy Corporation	4,754,241
Wild Horse Farms & Bio Energy Corporation	2,002,500
C3 Resources	<u>150,000</u>
	<u>11,986,741</u>
	<u>\$13,424,331</u>

Russo-Forest Corporation

In January 2008 the Company invested \$1.5 million for three million units of Russo-Forest Corporation ("Russo") at a price of \$0.50 per unit, as part of a \$5 million private placement completed by Russo Forest. 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 owned approximately 26% of Russo-Forest.

During the quarter, the Company recorded \$262,410 as its share of Russo's second quarter loss.

MagMinerals Potash Corp.

On April 4, 2008, the Company purchased 750,000 shares at \$4 per share of MagMinerals Potash Corp. ("MagPotash"). MagPotash is a subsidiary of MagIndustries Corp., intends to construct and operate a potash plant in the Republic of Congo.

Saber Energy Corporation

The Company has a US\$4,995,000 common share investment at US\$0.90/share in Saber, a Botswana-based early stage private company focused on coal bed methane exploration. This represents an approximately 3.7% ownership stake in Saber and was acquired in November 2007.

Wild Horse Farms & Bio Energy Corporation

On May 14, 2008, the Company invested approximately \$2 million in Wild Horse Farms & Bio Energy Corporation (“Wild Horse”), a start up company planning to establish one of Canada’s largest corporate farms. Wild Horse is focused on higher yield, lower risk irrigated farmland in the Lake Diefenbaker area of Saskatchewan. The Company’s investment represents an approximate 8.8% ownership in Wild Horse.

Chevalier Resources Inc.

In July, 2008, the Company invested \$2,080,000, for an 14.8 % ownership stake in Chevalier Resources. Chevalier is an exploration stage mining company with ownership of promising copper, cobalt and tin deposits in the Katanga region of the Democratic Republic of the Congo. Chevalier is attempting to raise capital in order to start small scale production of copper and cobalt near Lubumbashi.

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 September 30, 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, December 31, 2007	150,747,317	\$ 55,518,529
Add: common shares issued	-	-
Shares outstanding, September 30, 2008	150,747,317	\$ 55,518,529

Contributed Surplus changes during the period:

Balance, December 31, 2007	\$	33,948,343
Stock-based compensation		75,500
Balance, September 30, 2008	\$	<u>34,023,843</u>

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 in Canada of approximately \$141,116,513 and non-capital losses of \$6,894,109 that may be carried forward to reduce income taxes in future years.

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 \$24,543,447.

7. FINANCIAL INSTRUMENTS

Fair values

Cash and cash equivalents, marketable securities, loans receivable, other assets and accounts payable and accrued liabilities have fair values which approximate their carrying values due to their short-term nature.

Interest rate risk

The Company is exposed to interest rate risk that arises from fluctuations in interest rates on its cash equivalents and marketable securities. At September 30, 2008 the Company had not entered into any interest rate swaps.

Currency risk

The Company has no material currency risk on its operations as all of the Company's revenues and a majority of the Company's expenses are denominated in Canadian dollars. The Company is exposed to currency risk on investments made in currencies other than its reporting currency. As at September 30, 2008, the Company had U.S. dollar denominated cash of \$959,171.

Market risk

The Company is exposed to market risk with respect to its cash equivalents, marketable securities and investments. The fair value of these financial instruments will fluctuate due to changes in market prices. The Company has limited exposure to financial markets as less than 1% of its assets at September 30, 2008, was in publicly traded companies. A sensitivity analysis on market risk is therefore not disclosed due to the Company's minimal exposure to market risk. The Company's investments are primarily in early stage start-up companies. The change in value of these companies is independent of the overall valuation of the market.

Credit risk

The Company is exposed to credit risk associated with its marketable securities and cash and cash equivalents. Credit risk is substantially minimized by ensuring that such investments are limited, where possible to governments, 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 September 30, 2008, the Company had a cash deposit of US\$959,171 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 management fee, 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. In the three month period ended September 30, 2008, a management fee of \$137,782 was recorded of which \$47,736 was included in accounts payable as at September 30, 2008.

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 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 with a moderate amount of risk. 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.

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.

10. DIRECTORS STOCK OPTION PLAN

On May 12, 2008 the Company 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.

At September 30, 2008 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

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

No comparative figures are presented for the Statements of Operations and Comprehensive Income and Cash Flows as the Company's operations during the comparative period was sold by the Company on October 10, 2007. This information would not provide a meaningful comparison with the current period.

12. FUTURE ACCOUNTING CHANGE

The Canadian Accounting Standards Board has confirmed its plan to adopt all International Financial Reporting Standards ("IFRS"), as published by the International Accounting Standards Board by January 1, 2011. At September 30, 2008 the Company has not developed a changeover plan to IFRS nor has it assessed the impact of IFRS on business arrangements, earnings per share and accounting policies.

13. SUBSEQUENT EVENTS

In October 2008, the Company made the following investments in publicly traded companies:

CryoCath Technologies Inc. for \$841,510. CryoCath has agreed to be acquired by Medtronic Inc. for \$8.75 per share. Medtronic's acquisition closed on November 12, 2008.

Homeland Energy Group Ltd. for \$1,146,676. Homeland is focused on coal production and resource development, primarily in South Africa.

CIC Energy Corp. for \$1,081,000. CIC is developing a power station and integrated coal mine in Botswana.

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