
MAGNETIC NORTH ACQUISITION CORP.
(FORMERLY BLACK BULL RESOURCES INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED
DECEMBER 31, 2019 AND 2018

(EXPRESSED IN CANADIAN DOLLARS)
(UNAUDITED)

Notice to Reader

The accompanying unaudited condensed interim financial statements of Magnetic North Acquisition Corp. (the "Company") have been prepared by and are the responsibility of management. The unaudited condensed interim financial statements have not been reviewed by the Company's auditors.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Condensed Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at December 31, 2019	As at September 30, 2019
ASSETS		
Current assets		
Cash and cash equivalents (note 3)	\$ 530,341	\$ 1,452,417
Receivables (note 4)	46,202	16,667
Prepaid expenses and advances (note 5)	170,523	12,661
Other assets (note 10)	301,223	301,223
Deferred costs (note 6)	-	405,102
Advances to private companies (note 11)	600,000	-
Promissory note receivable (note 6)	1,000,000	-
Total current assets	2,648,289	2,188,070
Non-current assets		
Investments (note 6)	4,800,000	-
Mineral claims (note 7)	1	1
Exploration and evaluation assets (note 8)	1	1
Property, plant and equipment (note 9)	3	3
Total assets	\$ 7,448,294	\$ 2,188,075
SHAREHOLDERS' EQUITY AND LIABILITIES		
Current liabilities		
Payable and accrued liabilities (notes 12 and 19)	\$ 174,149	\$ 311,657
Demand loans (note 14)	38,220	38,220
Asset retirement obligation (note 13)	268,090	266,891
Total liabilities	480,459	616,768
Shareholders' equity		
Common shares (note 15)	29,027,960	25,262,672
Series A Preferred shares (note 15)	2,819,870	1,819,870
Share-based payment reserve (note 16)	79,030	-
Contributed surplus (note 15)	2,070,133	2,070,133
Accumulated deficit	(27,029,158)	(27,581,368)
Total shareholders' equity	6,967,835	1,571,307
Total shareholders' equity and liabilities	\$ 7,448,294	\$ 2,188,075

Nature of operations and going concern (note 1)
Subsequent events (note 20)

The accompanying notes to the condensed interim financial statements are an integral part of these statements.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Condensed Interim Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended December 31,	
	2019	2018
Expenses		
Exploration and evaluation expenses	\$ 3,240	\$ 5,218
General and administrative (note 18)	264,532	16,087
Total expenses	267,772	21,305
Loss before other items	(267,772)	(21,305)
Other items		
Accretion (note 13)	(1,199)	(1,199)
Interest income (note 11)	13,259	835
Transaction costs (note 6)	(442,078)	-
Reversal of impairment of advances to private companies (note 6)	1,250,000	-
Net and comprehensive income (loss) for the period	\$ 552,210	\$ (21,669)
Net and comprehensive income (loss) per share - Basic and Diluted	\$ 0.01	\$ (0.01)
Weighted average number of common shares - Basic and Diluted	59,312,371	3,552,287

The accompanying notes to the condensed interim financial statements are an integral part of these statements.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Condensed Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended December 31,	
	2019	2018
Operating activities		
Net income (loss) for the period	\$ 552,210	\$ (21,669)
Adjustments for:		
Amortization	-	49
Accretion on asset retirement obligation	1,199	1,199
Reversal of Impairment of advances to private companies	(1,250,000)	-
Share-based payments	79,030	-
Changes in non-cash working capital items:		
Receivables	(29,535)	(1,240)
Prepaid expenses and advances	(157,862)	2,962
Deferred costs	405,102	-
Payable and accrued liabilities	(137,508)	3,144
Net cash used in operating activities	(537,364)	(15,555)
Investing activities		
Other assets	-	(708)
Advances to private companies	(350,000)	-
Net cash used in investing activities	(350,000)	(708)
Financing activities		
Demand loans	-	15,000
Share issue costs	(34,712)	-
Net cash (used in) provided by financing activities	(34,712)	15,000
Net change in cash and cash equivalents	(922,076)	(1,263)
Cash and cash equivalents, beginning of period	1,452,417	28,195
Cash and cash equivalents, end of period	\$ 530,341	\$ 26,932
Cash and cash equivalents		
Cash	\$ 507,519	\$ 4,144
Guaranteed investment certificates	22,822	22,788
	\$ 530,341	\$ 26,932
Supplemental information		
Interest received	\$ 1,559	\$ 835

The accompanying notes to the condensed interim financial statements are an integral part of these statements.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Condensed Interim Statements of Changes in Shareholders' Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

	<u>Common Shares</u>		<u>Series A Preferred Shares</u>		<u>Share-based</u>	<u>Contributed</u>	<u>Accumulated</u>	<u>Shareholders'</u>
	<u>Number (#)</u>	<u>Amount (\$)</u>	<u>Number (#)</u>	<u>Amount (\$)</u>	<u>Payment</u>	<u>Surplus</u>	<u>Deficit</u>	<u>Equity</u>
					<u>Reserve</u>			<u>(Deficiency)</u>
Balance, September 30, 2018	3,552,287	\$ 23,588,518	-	\$ -	\$ -	\$ 2,070,133	\$ (26,113,186)	\$ (454,535)
Net and comprehensive loss for the period	-	-	-	-	-	-	(21,669)	(21,669)
Balance, December 31, 2018	3,552,287	\$ 23,588,518	-	\$ -	\$ -	\$ 2,070,133	\$ (26,134,855)	\$ (476,204)
Balance, September 30, 2019	59,051,105	\$ 25,262,672	185,179	\$ 1,819,870	\$ -	\$ 2,070,133	\$ (27,581,368)	\$ 1,571,307
Preferred shares issued pursuant to Transaction	-	-	100,000	1,000,000	-	-	-	1,000,000
Conversion of subscription receivable	-	3,800,000	-	-	-	-	-	3,800,000
Share issue costs - cash	-	(34,712)	-	-	-	-	-	(34,712)
Share-based payments	-	-	-	-	79,030	-	-	79,030
Net and comprehensive income for the period	-	-	-	-	-	-	552,210	552,210
Balance, December 31, 2019	59,051,105	\$ 29,027,960	285,179	\$ 2,819,870	\$ 79,030	\$ 2,070,133	\$ (27,029,158)	\$ 6,967,835

The accompanying notes to the condensed interim financial statements are an integral part of these statements.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

1. Nature of operations and going concern

Magnetic North Acquisition Corp. (the "Company" or "Magnetic North") (formerly "Black Bull Resources Inc.") with the registered and head office at 2110, 250 5th Street SW, Calgary, Alberta was incorporated under the Business Corporations Act (Alberta) on July 18, 1997. On June 12, 2008, the Company continued under the Canada Business Corporations Act.

On October 22, 2019, the Company completed an asset purchase transaction with a group of investment and business professionals to effect an arm's length "Change of Business" (as defined in Policy 5.2 of the TSXV) transaction (the "Transaction") within the meaning of such terms in the policies of the TSXV. With the completion of the Transaction, the Company changed its primary business to merchant banking and changed its name to Magnetic North Acquisition Corp. The common shares of the Company resumed trading on the TSXV under the symbol MNC (see note 6).

These condensed interim financial statements were approved by the board of directors on February 25, 2020.

While the interim condensed financial statements have been prepared based on accounting principles applicable to a going concern, several adverse conditions and events cast significant doubt upon the validity of this assumption. The Company continues to incur significant operating losses. The Company has no revenue-generating operating activities and has a significant accumulated deficit. The Company has incurred losses in prior periods, with a current net and comprehensive income of \$552,210 during the three months ended December 31, 2019 (three months ended December 31, 2018 - loss of \$21,669) and has an accumulated deficit of \$27,029,158 (September 30, 2019 - \$27,581,368). Such material uncertainties cast substantial doubt as to the ability of the Company to satisfy its obligations as they come due and, accordingly, the appropriateness of the use of accounting principles applicable to a going concern.

The Company's continued existence is dependent upon the success of its new business focus of merchant banking. However, there can be no assurances that the steps management have taken will be successful. Management's opinion is that the Company will balance its current cash resources against new opportunities and additional financings.

If the going concern assumption were not appropriate for these financial statements, adjustments might be necessary to the carrying value of assets and liabilities, reported revenues and expenses and the statement of financial position classifications used.

2. Significant accounting policies

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB.

The policies applied in these condensed interim financial statements are based on IFRSs issued and outstanding as of February 25, 2020, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these condensed interim financial statements as compared with the most recent audited annual financial statements as at and for the year ended September 30, 2019, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending September 30, 2020 could result in restatement of these condensed interim financial statements.

Basis of measurement

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. These financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the 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.

Areas requiring a significant degree of estimation and judgment relate to the determination of the recoverable values and useful lives of property, plant and equipment, timing and costs used to determine expected asset retirement obligations, fair value measurements for financial instruments and stock-based compensation and other equity-based payments, and the recoverability and measurement of deferred tax assets and liabilities. Actual results may differ from those estimates and judgments.

New accounting standard adopted

Leases and right-of-use assets

In January 2016, the IASB issued IFRS 16 - Leases ("IFRS 16"), replacing IAS 17 - Leases. IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its statement of financial position, providing the reader with greater transparency of an entity's lease obligations.

The Company adopted IFRS 16, effective October 1, 2019, under the modified retrospective approach. Comparatives for 2019 were not restated. At transition, the Company elected to use the practical expedient available under the standard that allows lease assessments made under IAS 17 and IFRIC 4 to be used for existing contracts. Therefore, the definition of a lease under IFRS 16 was applied only to contracts entered into or modified after October 1, 2019. The Company determined that no transitional adjustment was required.

All leases are accounted for by recognizing a right-of-use asset and a lease liability except for:

- Leases of low value assets; and
- Leases with a duration of twelve months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by the incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted if it is reasonable certain to assess that option;
- Any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

2. Significant accounting policies (continued)

New accounting standard adopted (continued)

Leases and right-of-use assets (continued)

Lease liabilities, on initial measurement, increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made.

Right-of-use assets are amortized on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if this is judged to be shorter than the lease term.

When the Company revises its estimate of the term of any lease, it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

(a) Recent accounting pronouncement

Certain pronouncements were issued by the IASB or the IFRIC that are mandatory for accounting periods commencing on or after October 1, 2019. Many are not applicable or do not have a significant impact to the Company and have been excluded. The following have not yet been adopted and are being evaluated to determine their impact on the Company.

IAS 1 – Presentation of Financial Statements (“IAS 1”) and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors (“IAS 8”) were amended in October 2018 to refine the definition of materiality and clarify its characteristics. The revised definition focuses on the idea that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments are effective for annual reporting periods beginning on or after January 1, 2020.

3. Restricted cash

The Company has provided an assignment of cash as security on the irrevocable standby letter of credit to the Province of Nova Scotia (note 10) and for corporate credit card liabilities. As at December 31, 2019, \$17,400 (September 30, 2019 - \$17,400) was held in a guaranteed investment certificate as security.

4. Receivables

	As at December 31, 2019	As at September 30, 2019
Sales tax receivable - (Canada)	\$ 34,502	\$ 16,667
Interest receivable	11,700	-
	\$ 46,202	\$ 16,667

As at December 31, 2019, the estimated credit losses are \$nil (September 30, 2019 - \$nil).

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

5. Prepaid and advances

	As at December 31, 2019	As at September 30, 2019
Prepaid expenses	\$ 44,820	\$ 12,661
Advances	125,703	-
	\$ 170,523	\$ 12,661

6. Investments

On October 22, 2019, the Company completed its transaction with a group of investment and business professionals to effect an arm's length "Change of Business" (as defined in Policy 5.2 of the TSXV) transaction (the "Transaction") within the meaning of such terms in the policies of the TSXV.

Under the Transaction, the Company acquired certain shareholdings (the "Purchased Assets") from Mr. Kevin Spall, Mr. Ian Wild and Mr. Andrew Osis (the "Vendors") in exchange for the issuance of 38,000,000 Common Shares of the Company at a price of \$0.10 per share and 100,000 Preferred Series A Shares of the Company at a price of \$10.00 per Preferred Series A Share. The Purchased Assets comprised of all the Vendors' equity interests in Bioshield Corp., Ignite Collaboration Services Group, Inc., Power Symmetry Inc. and Previcare Corp.

As a condition of closing of the Transaction, the Company completed a private placement for gross proceeds of \$3.1 million. The private placement was completed in various during the year ended September 30, 2019. The Company incurred \$442,078 of transaction costs for this Transaction.

With the completion of the Transaction, the Company changed its name to Magnetic North Acquisition Corp. The common shares of the Company resumed trading on the TSXV under the symbol MNC.

The Transaction does not meet the definition of a business combination and is therefore accounted for as an asset acquisition under IFRS 2 - Share-based payments.

The fair value of the consideration is as follows:

Issuance of 38,000,000 common shares	\$ 3,800,000
Issuance of 100,000 Series A preferred shares	1,000,000
Total consideration	\$ 4,800,000

The consideration has been allocated as follows:

15 common shares of Previcare Corp.	\$ 1,920,000
500 common shares of Ignite Collaboration Services Group, Inc.	1,920,000
15 common shares of Bioshield Corp.	480,000
40 common shares of Power Symmetry Inc.	480,000
	\$ 4,800,000

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

7. Mineral claims

	December 31, 2019	September 30, 2019
Cost, beginning and end of period	\$ 972,183	\$ 972,183
Accumulated depletion, beginning and end of period	(14,381)	(14,381)
Accumulated impairment, beginning and end of period	(957,801)	(957,801)
Accumulated depletion and impairment, beginning and end of period	(972,182)	(972,182)
Carrying value end of period	\$ 1	\$ 1

On July 13, 2018, the Company entered into an option agreement with Infrastructure Commodities Limited (“InfCom”), a related party by virtue of a common officer and director. Under the terms of the agreement, the Company granted InfCom the sole and exclusive right and option to explore and mine the Company’s White Rock property located in Yarmouth County, Nova Scotia. In consideration of the grant of the option, InfCom will pay to the Company 50% of the net after tax profits from the sale of quartz, kaolin and mica products mined at the property.

The agreement is subject to several conditions to closing as follows:

- Within 1 month of the option grant date, and no later than July 28, 2018, InfCom must prepare a paper describing the anticipated exploitation prospects to facilitate the preparation of a bankable report;
- Within 3 months of the option grant date, and not later than October 28, 2018, InfCom must:
 - a) Research and prepare a review of the applicable quartz market for use in preparing a plan for exploiting the quartz prospects on the property;
 - b) Prepare a report on options to pre-treat feedstock prior to delivery to high value clients;
 - c) Preview potential offtake partners in the USA, Canada, EU and Asia for higher-end market opportunities;
 - d) Preview potential exploitation partners; and
 - e) Preview prospects for beneficiation technology located in Nova Scotia.
- Within 4 months of the option grant date, and not later than November 30, 2018, InfCom must:
 - a) Outline the prospective project value and return to investors in a pre-bankable report; and
 - b) Prepare an outline of a budget for completion of due diligence and a bankable report on the exploitation of the quartz, kaolin and mica assets on the property.
- Within 6 months of the option grant date, and not later than January 31, 2019, InfCom must be prepared to review project possibilities with the Company for the way forward for exploitation of the property for quartz, kaolin and mica production and sale of aforesaid.

InfCom has not complied with the terms of the agreement and the option has lapsed.

Subsequent to September 30, 2019, the Company has executed an Indicative Offer of Finance with respect to the Company’s White Rock property (see note 20(ii)).

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

8. Exploration and evaluation assets

	December 31, 2019	September 30, 2019
Cost, beginning and end of period	\$ 2,994,903	\$ 2,994,903
Accumulated depletion, beginning and end of period	(48,659)	(48,659)
Accumulated impairment, beginning and end of period	(2,946,243)	(2,946,243)
Accumulated depletion and impairment, beginning and end of period	(2,994,902)	(2,994,902)
Carrying value end of period	\$ 1	\$ 1

9. Property, plant and equipment

Cost	Water Computer Equipment	Water Treatment Equipment	Treatment Building	Leasehold Improvements	Site Improvements	Total
As at September 30, 2019 and December 31, 2019	\$ 43,132	\$ 107,872	\$ 105,822	\$ 17,115	\$ 216,210	\$ 490,151
Accumulated amortization and impairments	Water Computer Equipment	Water Treatment Equipment	Treatment Building	Leasehold Improvements	Site Improvements	Total
Balance, September 30, 2018	\$ 42,475	\$ 107,871	\$ 105,821	\$ 17,115	\$ 216,209	\$ 489,491
Amortization	197	-	-	-	-	197
Balance, September 30, 2019	42,672	107,871	105,821	17,115	216,209	489,688
Amortization	460	-	-	-	-	460
Balance, December 31, 2019	\$ 43,132	\$ 107,871	\$ 105,821	\$ 17,115	\$ 216,209	\$ 490,148
Carrying value	Water Computer Equipment	Water Treatment Equipment	Treatment Building	Leasehold Improvements	Site Improvements	Total
Balance, September 30, 2018	\$ 460	\$ 1	\$ 1	\$ -	\$ 1	\$ 463
Balance, December 31, 2019	\$ -	\$ 1	\$ 1	\$ -	\$ 1	\$ 3

10. Other assets

Other assets consist of funds held under the National Resources Reclamation Fund by the Province of Nova Scotia.

In addition, an irrevocable standby letter of credit of \$17,400 (September 30, 2019 - \$17,400) has been issued to the Province of Nova Scotia (note 3).

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

11. Advances to private companies

During the year ended September 30, 2019, the Company advanced \$1,000,000 and \$250,000 to Previcare Corp. and Foamtech North America Ltd., respectively. The advances do not bear interest, are unsecured and have no additional terms and conditions. As at September 30, 2019, given the lack of financial information required to determine fair value, the Company has recorded a fair value adjustment of \$1,250,000 to reduce the carrying value to \$nil at September 30, 2019.

After the completion of the Transaction, the Company reversed the \$1,250,000 impairment of the advances to private companies. On October 31, 2019, the \$1,000,000 advance to Previcare was converted to promissory note bearing interest at 7% per annum and due on demand. During the three months ended December 31, 2019, the Company accrued \$11,700 of interest receivable.

Subsequent to December 31, 2019, the promissory note was settled for 740,741 common shares of Previcare Corp. (note 20(i)).

12. Payable and accrued liabilities

	December 31, 2019	September 30, 2019
Trade payables	\$ 124,090	\$ 114,618
Accrued liabilities	50,059	197,039
Total amounts payable and other liabilities	\$ 174,149	\$ 311,657

13. Asset retirement obligation

The Company's total asset retirement obligation is estimated based on the Company's net ownership interest in mineral leases and management's estimate of costs to abandon and reclaim these leases, as well as an estimate of the future timing of the costs to be incurred. Under the terms of the agreement with the Province of Nova Scotia, the Company is obligated to update its reclamation plan every three years.

By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements could be significant. The total undiscounted amount of the estimated cash flows required to settle its asset retirement obligations are approximately \$268,090 (September 30, 2019 - \$266,891) which are expected to be settled over the next year. A risk-free interest rate of nil% (due to the nature of the liability being current) and an inflation rate of 2% were used to calculate the liability.

Balance at September 30, 2018	\$ 262,097
Accretion	4,794
Balance at September 30, 2019	266,891
Accretion	1,199
Balance at December 31, 2019	\$ 268,090

14. Demand loans

During the year ended September 30, 2019, a director or a corporation under his control, Zenith Appraisal & Land Consulting Ltd. (the "Holders") advanced funds under promissory notes in the amount of \$53,220. The loans are covered under a general security agreement, non-interest bearing and due on demand by the Holders, or shall be converted to common shares of Magnetic North at a share price to be determined at the time of settlement. On August 29, 2019, \$366,024 of the demand loans was settled through the issuance of 3,660,238 common shares. As at December 31, 2019, the Holders were owed \$38,220 (September 30, 2019 - \$38,220).

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
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(Unaudited)

15. Share capital

a) Authorized

Unlimited common shares without par value
Unlimited preferred shares without par value

b) Common shares issued

(i) On August 28 2019, the Company issued 38,000,000 common shares in escrow to the holders of the Purchased Assets in anticipation of the closing of the proposed Transaction (note 6). The Purchased Assets were transferred on October 22, 2019 and the shares were released from escrow.

c) Series A Preferred shares

(i) Series A Preferred shares issued

- On completion of the Transaction, the Company issued 100,000 Series A preferred shares at a price of \$10 per Series A preferred shares to the Vendors (note 6).

(ii) Terms, rights and privileges

The Series A preferred shares are non-voting, redeemable at the option of the Company any time after March 31, 2026 and eligible for dividends at the discretion of the Company.

The Series A preferred shares are entitled to 50% of all gains on investment dispositions (the "Disposition Entitlement"), which must be settled within thirty business days from the liquidation event.

Upon redemption of the Series A preferred shares, the holders are entitled to:

- (a) The redemption price per share, which is calculated as the gross subscription proceeds divided by the number of Series A preferred shares issued and outstanding;
- (b) Any unpaid Disposition Entitlements;
- (c) The Deemed Disposition Entitlement, which is calculated as 50% of the deemed gains embedded in the Company's investment portfolio, regardless of whether a liquidation event has occurred or not; and
- (d) All unpaid, accrued and accumulated dividends.

d) The contributed surplus of \$2,070,133 (September 30 2019 - \$2,070,133) consists of the fair value attributed to expired options and warrants granted and recognized to date.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

16. Stock options

The Company has adopted, and its shareholders have approved, a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSXV, and the options may be exercisable for a period of up to five years. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority.

The following table reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, September 30, 2018 and December 31, 2018	-	-
Balance, September 30, 2019	-	-
Granted (i)	2,000,000	0.10
Balance, December 31, 2019	2,000,000	0.10

(i) On December 2, 2019, the Company granted 2,000,000 stock options to officers, directors and consultants of the Company at an exercise price of \$0.095 and expiring five years from date of grant. These options vest as follows: 25% immediately, 25% 12 months from date of grant, 25% 24 months from date of grant and 25% 36 months from date of grant.

A value of \$276,000 was estimated for the 2,000,000 stock options on the date of grant with the following assumptions and inputs: share price of \$0.17; exercise price of \$0.095; expected dividend yield of 0%; expected volatility of 100%; risk-free rate of 1.54%; and an expected average life of five years.

The following table reflects the stock options issued and outstanding as of December 31, 2019:

Expiry date	Exercise price (\$)	Weighted average remaining contractual life (years)	Number of options outstanding	Grant date fair value (\$)	Number of options vested (exercisable)
December 2, 2024	0.10	4.93	2,000,000	276,000	500,000

17. Segmented information

The Company's operations comprise a single reporting operating segment engaged the business of merchant banking in Canada. As the operations comprise a single reporting segment, amounts disclosed in the financial statements also represent segment amounts. In order to determine reportable operating segments, the chief operating decision maker reviews various factors including geographical location, quantitative thresholds and managerial structure.

Magnetic North Acquisition Corp. (Formerly Black Bull Resources Inc.)
Notes to Condensed Interim Financial Statements
Three Months Ended December 31, 2019
(Expressed in Canadian Dollars)
(Unaudited)

18. General and administrative

	Three Months Ended December 31,	
	2019	2018
Professional fees	\$ 68,091	\$ 8,089
Investor relations	3,814	6,309
Office and general	11,903	639
Consulting fees (note 19)	64,500	1,050
Travel expenses	26,561	-
Regulatory fees	10,633	-
Share-based payments	79,030	-
	\$ 264,532	\$ 16,087

19. Key management compensation, related party balances and transactions

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions. The transactions with related parties are as follows:

	Three Months Ended December 31,	
	2019	2018
Consulting fees for key management personnel	\$ 64,500	\$ 2,200
Share-based payments	61,248	-
	\$ 125,748	\$ 2,200

As at December 31, 2019, related parties were owed \$3,492 (September 30, 2019 - \$22,023), which is included in payables and accrued liabilities.

20. Subsequent events

(i) On January 12, 2020, the promissory note of \$1 million was settled for 740,741 common shares of Previcare Inc.

(ii) On January 15, 2020, the Company has executed an Indicative Offer of Finance (the "Offer") with Infrastructure Commodities Limited ("ICML") to explore and mine, the Company's wholly owned White Rock property (the "Property") located in Yarmouth County, Nova Scotia. The Offer gives ICML the right to explore and mine the Property for quartz, kaolin and mica, and refine and produce quartz, kaolin and mica for sale therefrom (the "Mining Assets").

The Offer terms include, but are not limited to the following conditions:

- a. An initial investment by ICML for US\$1,000,000 in the form of a convertible loan that shall convert into an equity interest of 20% of the Mining Assets located at White Rock. The use of proceeds for this initial investment will be utilized by ICML and their consultants, over a 12-month period to bring the Mining Assets to an operational state.
- b. Follow-on investment of up to an additional US\$4,000,000 will be provided by ICML upon completion of the initial investment period to implement commercialization plans for the Mining Assets. Upon completion of the initial investment phase, ICML will provide commercialization plans and associated budgets for the use of proceeds of the follow-on investment.
- c. If the total funding of US\$5,000,000 is provided in return to Magnetic North for development of the Mining Assets by ICML, ICML shall receive no less than 45% equity interest in the Mining Assets.

Both Magnetic North and ICML look forward to entering into a binding offer to finance in the near term and expect the initial investment phase to commence in the first quarter of 2020.