

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

**INTERIM MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**QUARTERLY HIGHLIGHTS**

**FOR THE THREE MONTHS ENDED DECEMBER 31, 2019**

**(Expressed in Canadian Dollars)**

## **Introduction**

The following Interim Management's Discussion & Analysis ("Interim MD&A") of Magnetic North Acquisition Corp. ("Magnetic North" or the "Company") (formerly "Black Bull Resources Inc.") for the three months ended December 31, 2019 has been prepared to provide material updates to the business operations, liquidity and capital resources of the Company since its last annual management discussion & analysis, being the Management's Discussion & Analysis ("Annual MD&A") for the fiscal year ended September 30, 2019. This Interim MD&A does not provide a general update to the Annual MD&A, or reflect any non-material events since the date of the Annual MD&A. This Interim MD&A has been prepared in compliance with section 2.2.1 of Form 51-102F1, in accordance with National Instrument 51-102 – Continuous Disclosure Obligations. This discussion should be read in conjunction with the Company's Annual MD&A, audited annual financial statements for the years ended September 30, 2019 and 2018, together with the notes thereto, and unaudited condensed interim financial statements for the three months ended December 31, 2019, together with the notes thereto. Results are reported in Canadian dollars, unless otherwise noted. The Company's unaudited condensed interim financial statements and the financial information contained in this Interim MD&A are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board and interpretations of the IFRS Interpretations Committee. The unaudited condensed interim financial statements have been prepared in accordance with International Standard 34, Interim Financial Reporting. Accordingly, information contained herein is presented as of February 25, 2020, unless otherwise indicated.

For the purposes of preparing this Interim MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Magnetic North common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations is available on Magnetic North's website at [www.magneticnac.com](http://www.magneticnac.com) or on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Description of Business**

Magnetic North (previously Black Bull Resources Inc.) with the registered and head office at 2110, 250 5th Street SW, Calgary, AB T2P 0R4, and offices in Toronto, ON, 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.

After the completion of the Transaction, the Company carried on the business of hands-on merchant banking comprised of a team of highly-experienced professionals in finance, operations, and strategy. The industries that will be of particular focus will include, but are not limited to, clean power technology, special situations, and consumer products, oilfield services, manufacturing and technology inclusive of software and hardware.

The Company will continue to raise capital to meet its ongoing operating activities.

## Highlights

- 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. ("Previcare").

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	<u>1,000,000</u>
<b>Total consideration</b>	<b><u><u>\$4,800,000</u></u></b>

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.	<u>480,000</u>
	<b><u><u>\$4,800,000</u></u></b>

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On closing of the Transaction, the Board of Directors and senior management were replaced by the following individuals:

Andrew Osis	Co-Chief Executive Officer and director
Kevin Spall	Co-Chief Executive Officer and director
Ian Wild	Chairman of the Board
David Marinucci	Senior Vice President
Trent Larson	Director

- In December 2019, Jeff Davison and John Kowal joined the Board of Directors.
- 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.
- 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.

- On October 31, 2019, the \$1 million advance to Previcare was converted to a promissory note bearing interest of 7% per annum and due on demand and was later converted into equity on January 12, 2020.
- On February 12, 2020, the Company announced that Colwell Capital had agreed to provide investor relations services and will receive \$5,000 per month for 12 months and 400,000 options with a strike price of \$0.1575 in connection with providing such services.

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- On February 12, the Company also announced the completion of its investment in Previcare. Magnetic North completed the purchase of 32% of the common shares through the principals of the Company vending in their 12% interest, as disclosed in the Company's press release dated October 22, 2019, and the Company providing \$1.0M USD to Previcare in exchange for an additional 20% as governed by an executed termsheet between the two parties dated December 31, 2018.

The World Health Organization ("WHO"), the U.S. Centers for Disease Control ("CDC") and the U.S. Environmental Protection Agency ("EPA") have confirmed that the 2019 novel coronavirus (2019-nCoV), also referred to as the Wuhan Coronavirus has met the conditions outlined in the CDC and EPA's emerging viral pathogens guidance and has triggered the emerging viral pathogen policy.

Previcare's GR-AD PRO ADVANCED™ is a broad spectrum, EPA registered hard surface disinfectant that combines cleaning and disinfecting in one simple step with its ready-to-use, alcohol-based hospital grade formula. GR-AD PRO ADVANCED™ is effective in killing the 2019-nCoV Wuhan Coronavirus on hard surfaces when the product is used in accordance with label instructions.

GR-AD PRO ADVANCED™ has demonstrated effectiveness against viruses similar to Wuhan virus 2019-nCoV, including Human Coronavirus, on hard, non-porous surfaces. Therefore GR-AD PRO ADVANCED™ can be used against Wuhan Virus 2019-nCoV when used in accordance with the directions for use against Human Coronavirus VR-1558 on hard non-porous surfaces. Refer to the CDC website at <https://www.cdc.gov/coronavirus/2019-nCoV/hcp/infection-control.html>.

In conjunction with the investment, Kevin Spall, co-CEO of Magnetic North retains a seat on Previcare's Board of Directors and is closely involved with operating management. This is in keeping with Magnetic North's strategy of remaining intimately involved in managing the Company's interests in investee companies.

#### Other Developments at Previcare

Sizeable regional and national orders are expected to commence before the end of 2020 across a number of educational, commercial, health and institutional clients for various disinfectant and hand sanitizer products and solutions. Previcare's hand sanitizer products are currently available through online US retail channels such as Amazon.com under the All Day® brand.

## **Overall Objective**

In October 2019, Magnetic North changed its business objective to merchant banking comprised of a team of highly-experienced professionals in finance, operations, and strategy. The industries that will be of particular focus will include, but are not limited to clean power technology, special situations, consumer products, oilfield services, manufacturing and technology inclusive of software and hardware. Before the change of business, the Company was engaged in the acquisition, exploration and evaluation of mineral properties of the Company's current holdings in Nova Scotia, Canada.

In furtherance of the Company's new business objective, the Company will invest in opportunities based upon criteria that may include, but are not limited to, the following investee characteristics:

- (a) management expertise and funding to expand, or improve the investee's business model, strategy, or geographic reach;
- (b) an opportunity to exercise a level of control over the investee's businesses or assets through board representation and other active management methods;

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- (c) nearly cash flow positive or have a slightly positive cash flow and where through improvements in structure, operations or consolidation, cash flow can be positively impacted and may provide sustainable cash flow;
- (d) identifiable business improvements, expansion, consolidation, or acquisition opportunities that enhance the value of operations, and will result in the investee company's valuation increasing from less than \$10 million to over \$80 million.

See "Risks and Uncertainties" below.

## **Trends**

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. Strong equity markets are favourable conditions for completing a public merger, financing or acquisition transaction. Apart from these and the risk factors noted under the heading "Risks and Uncertainties", management is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

## **Outlook**

For the immediate future, the Company plans to continue to search for financing, and once funds are raised, develop an exploration program for its projects. The Company is continually evaluating direct or indirect acquisitions of additional properties. The Company continues to monitor its spending and will amend its plans and budgets based on exploration results and expectations of being able to raise financing as and when required.

## **Discussion of Operations**

### *Three Months Ended December 31, 2019, Compared With Three Months Ended December 31, 2018*

Magnetic North's net income totaled \$552,210, for the three months ended December 31, 2019, with basic and diluted income per share of \$0.01. This compares with a net loss of \$21,669 with basic and diluted loss per share of \$0.01 for the three months ended December 31, 2018. The difference of \$573,879 was principally because:

- During the three months ended December 31, 2019, the Company recorded a reversal of impairment of advances to private companies of \$1,250,000. The reversal was necessary to enable the Company to convert the advance to a promissory note receivable.
- During the three months ended December 31, 2019, general and administrative increased by \$248,445 compared to the three months ended December 31, 2018. General and administrative include professional fees, investor relations, consulting fees and other office expenses. The increase in general and administrative fees resulted from increased corporate activity related to the completion of the Transaction and the Company's change of business.
- During the three months ended December 31, 2019, the Company recorded \$442,078 of transaction costs which was related to the completion of the Transaction to acquire investments.

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- During the three months ended December 31, 2019, the Company recorded \$79,030 of share-based payments compared to \$nil for the three months ended December 31, 2018. Share-based payment expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.
- All other expenses related to general working capital purposes.

### **Cash Flow**

At December 31, 2019, the Company had cash of \$530,341 compared to \$1,452,417 at September 30, 2019. The decrease in cash of \$922,076 from the September 30, 2019 cash balance of \$1,452,417 was as a result of cash outflow in operating activities, investing activities and financing activities of \$537,364, \$350,000 and \$34,712, respectively.

Operating activities were affected by adjustments for accretion of \$1,199, share-based payments of \$79,030, reversal of impairment of advances to private companies of \$1,250,000 and net change in non-cash working capital balances of \$80,197 because of an increase in receivables of \$29,535, an increase in prepaid expenses and advances of \$157,862, a decrease in deferred costs of \$405,102 and a decrease in payable and accrued liabilities of \$137,508.

Financing activities used cash of \$34,712 of share issue cost.

Investing activities used cash of \$350,000 by the advancing of \$350,000 to private companies.

### **Liquidity and Financial Position**

The activities of the Company, now merchant banking and formerly the acquisition, exploration and evaluation of mineral properties, are financed through equity offerings and demand loans. The Company continues to seek capital through various means including the issuance of equity and/or debt.

The Company has no operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities.

At December 31, 2019, the Company had a working capital \$2,167,830 (September 30, 2019 – \$1,571,302).

The Company has traditionally supplemented equity financing from time to time by obtaining loans from related parties. These are used to provide interim, short-term financing to meet day-to-day cash flow needs on occasion, and are not intended to be a long-term source of capital.

The Company's use of cash at present occurs, and in the future will occur, principally in two areas, namely, funding of its general and administrative expenditures and funding of its investment activities. Those investing activities include the purchase of investments and the cash components of the cost of acquiring and exploring its mineral claims. For fiscal 2020, the Company's expected operating expenses are estimated to be \$50,000 per month for recurring operating costs.

The Company is anticipated to have sufficient cash to fund its operating expenses for the twelve months ended December 31, 2020. The Company will have to raise additional capital beyond fiscal 2020 in amounts sufficient to fund both investment activities and working capital requirements. The major variables are expected to be the size, timing and results of the Company's investment activities and its ability to continue to access capital to fund its ongoing operations.

## **Related Party Transactions**

Related parties include the Board of Directors, officers, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

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

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

## **Risks and Uncertainties**

An investment in the securities of the Company is highly speculative and involves numerous and significant risks. Such investment should be undertaken only by investors whose financial resources are sufficient to enable them to assume these risks and who have no need for immediate liquidity in their investment. Prospective investors should carefully consider the risk factors that have affected, and which in the future are reasonably expected to affect, the Company and its financial position. Please refer to the section entitled "Risks and Uncertainties" in the Company's Annual MD&A for the fiscal year ended September 30, 2019, available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **Cautionary Note Regarding Forward-Looking Information**

This MD&A includes certain statements and information that constitutes "forward-looking statements" and "forward-looking information" under applicable securities laws (collectively, "**Forward-Looking Statements**", unless otherwise stated). Forward-looking statements appear in a number of places in this MD&A and include statements and information regarding the intent, beliefs or current expectations of Company, the Target Companies and statements relating to the proposed Transactions (as such term is defined herein). Such Forward-Looking Statements involve known and unknown risks and uncertainties that may cause the Company's and the Target Companies' actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such Forward-Looking Statements. When used in this MD&A, words such as "expects", "anticipates", "estimates", "projects", "plans", "goals", "objectives", "outlook", "believe", "could", "intend", "may", "predict", "will", "would" and similar expressions are intended to identify these forward-looking statements. Forward-looking statements may relate to Company's, the Target Companies', and the Resulting Issuer's future outlook and anticipated events or results and may include statements regarding Company's, the Target Companies', and the Resulting Issuer's future business strategy, plans and objectives. Company and the Target Companies have based these Forward-Looking Statements largely on their current expectations and projections about future events. These Forward-Looking Statements were derived using numerous assumptions, and while Company considers these assumptions to be reasonable, based on information currently available, such assumptions may prove to be incorrect. Accordingly, readers are cautioned to not put undue reliance on these Forward-Looking Statements. Forward-looking statements should not be read as a guarantee of future events or results.

## **Disclosure of Internal Controls**

Management has established processes to provide them with sufficient knowledge to support representations that they have exercised reasonable diligence to ensure that (i) the interim financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements, and (ii) the interim financial statements fairly present in all material respects the financial condition, results of operations and cash flow of the Company, as of the date of and for the periods presented.

In contrast to the certificate required for non-venture issuers under National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109. In particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

- (i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and
- (ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with the issuer's GAAP (IFRS).

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in the certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.