MAGNETIC NORTH ACQUISITION CORP.

(FORMERLY BLACK BULL RESOURCES INC.)

CONDENSED INTERIM FINANCIAL STATEMENTS (unaudited)

FOR THE THREE AND TWELVE MONTHS ENDED SEPTEMBER 30, 2020 and 2019

(Expressed in Canadian dollars)

Notice

Magnetic North Acquisition Corp.'s auditor, MNP LLP, has not reviewed the condensed interim financial statements.

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

As at	Notes	**September 30, 2020**	September 30, 2019
ASSETS			
Current assets			
Cash and cash equivalents	3	**138,054**	$ 1,452,417
Trade and other receivables	4	**238,736**	16,667
Prepaid expenses and advances	5	**140,343**	12,661
Other assets		**301,223**	301,223
Deferred costs		**59,288**	405,102
Advances to private companies	6	**250,000**	-
Bridge loan receivable	7	**666,950**	-
Loan receivable	8	**300,000**	-
Total current assets		**2,094,594**	2,188,070
Non-current assets			
Investments	9	**11,750,340**	-
Mineral claims	10	**1**	1
Exploration and evaluation assets		**1**	1
Property, plant and equipment		**3,979**	3
Total assets		**13,848,915**	2,188,075
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11	**255,832**	$ 311,657
Demand loans		**-**	38,220
Asset retirement obligation	12	**271,685**	266,891
Total liabilities		**527,517**	616,768
SHAREHOLDERS' EQUITY			
Common shares	13	**29,045,663**	25,262,672
Series A Preferred shares	13	**10,055,374**	1,819,870
Contributed surplus		**2,652,424**	2,070,133
Accumulated deficit		**(28,432,063)**	(27,581,368)
Total shareholders' equity		**13,321,398**	1,571,307
Total liabilities and shareholders' equity		**13,848,915**	$ 2,188,075

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Subsequent events	21

See accompanying notes to the condensed interim financial statements.

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

	Notes	Three months ended September 30, 2020	Three months ended September 30, 2019	Twelve months ended September 30, 2020	Twelve months ended September 30, 2019
Revenues					
Advisory fees from investees	15	**$ 92,824**	$ -	**$ 92,824**	$ -
Expenses					
Exploration and evaluation expenses		**425**	4,064	**21,072**	20,597
General and administrative	16	**619,079**	35,463	**1,617,245**	198,664
		619,504	39,527	**1,638,317**	219,261
Operating loss		**(526,680)**	(39,527)	**(1,545,493)**	(219,261)
Other (expenses) income					
Accretion		**(1,198)**	(1,198)	**(4,794)**	(4,794)
Finance income, net		**19,890**	3,588	**48,875**	5,873
Transaction costs	9	**(8,331)**	-	**(450,409)**	-
Reversal of impairment (impairment of) advances to private companies	6	**-**	(1,250,000)	**1,250,000**	(1,250,000)
Loss and comprehensive loss for the period		**(516,319)**	(1,287,137)	**(701,821)**	(1,468,182)
Loss and comprehensive loss per share - Basic and Diluted	17	**$ (0.01)**	$ (0.05)	**$ (0.01)**	$ (0.16)
Weighted average number of common shares - Basic and Diluted		**59,051,105**	27,990,680	**59,051,105**	9,067,356

See accompanying notes to the condensed interim financial statements.

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

	Notes	Common Shares Number (#)	Common Shares Amount ($)	Series A Preferred Shares Number (#)	Series A Preferred Shares Amount ($)	Contributed Surplus	Accumulated Deficit	Shareholders' Equity (Deficiency)
Balance, September 30, 2018		3,552,287	$ 23,588,518	-	$ -	$ 2,070,133	$ (26,113,186)	$ (454,535)
Private placement	13	12,532,000	1,253,200	185,179	1,851,790	-	-	3,104,990
Share issue costs	13	-	(68,000)	-	(31,920)	-	-	(99,920)
Shares issued for finders' fees	13	500,000	50,000	-	-	-	-	50,000
Shares issued for debt settlement	13	4,466,818	438,954	-	-	-	-	438,954
Shares issued in escrow	13	38,000,000	3,800,000	-	-	-	-	3,800,000
Subscriptions receivable	13	-	(3,800,000)	-	-	-	-	(3,800,000)
Loss and comprehensive loss for the period		-	-	-	-	-	(1,468,182)	(1,468,182)
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	13	-	-	100,000	1,000,000	-	-	1,000,000
Conversion of subscription receivable	13	-	3,800,000	-	-	-	-	3,800,000
Private placement	13	-	-	406,787	4,067,870	-	-	4,067,870
Preferred shares issued for asset purchase	13	-	-	350,000	3,500,000	-	-	3,500,000
Share issue costs	13	-	(17,009)	-	(332,366)	-	-	(349,375)
Dividends paid	13	-	-	-	-	-	(148,874)	(148,874)
Share-based payments	14	-	-	-	-	582,291	-	582,291
Loss and comprehensive loss for the period		-	-	-	-	-	(701,821)	(701,821)
Balance, September 30, 2020		**59,051,105**	**$ 29,045,663**	**1,041,966**	**$ 10,055,374**	**$ 2,652,424**	**$ (28,432,063)**	**$ 13,321,398**

See accompanying notes to the condensed interim financial statements.

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

	Notes	Three months ended September 30, 2020	2019	Twelve months ended September 30, 2020	2019
Operating activities					
Net loss for the period		**$ (516,319)**	$ (1,287,137)	**$ (701,821)**	$ (1,468,182)
Adjustments for:					
Amortization		**-**	312	**-**	460
Unrealized foreign exchange loss		**14,450**	-	**28,050**	-
Accretion on asset retirement obligation		**1,198**	1,198	**4,794**	4,794
(Reversal of impairment) impairment of advances to private companies		**-**	1,250,000	**(1,250,000)**	1,250,000
Share-based payments	14	**252,635**	-	**582,291**	-
Change in non-cash working capital items:					
Trade and other receivables		**(147,558)**	(13,823)	**(222,069)**	(14,797)
Prepaid expenses and advances		**(8,896)**	-	**(127,682)**	(4,174)
Deferred costs		**34,787**	(385,950)	**345,814**	(385,950)
Accounts payable and accrued liabilities		**(49,315)**	194,496	**(55,825)**	189,493
Net cash used in operating activities		**(419,018)**	(240,904)	**(1,396,448)**	(428,356)
Investing activities					
Additions to property, plant and equipment		**(3,976)**	-	**(3,976)**	-
Other assets		**-**	(3,912)	**-**	(5,712)
Advances to private companies		**925,978**	(1,250,000)	**-**	(1,250,000)
Investments		**(2,450,340)**	500,000	**(2,450,340)**	-
Net cash used in investing activities		**(1,528,338)**	(753,912)	**(2,454,316)**	(1,255,712)
Financing activities					
Proceeds from private placements	13	**1,226,600**	1,809,990	**4,067,870**	3,104,990
Share issue costs	13	**(229,246)**	(49,920)	**(349,375)**	(49,920)
(Repayment) proceeds of/from demand loans		**(38,220)**	9,760	**(38,220)**	53,220
Bridge loan		**-**	-	**(695,000)**	-
Loan receivable	8	**(200,000)**	-	**(300,000)**	-
Subscription receipts		**(64,000)**	-	**-**	-
Dividends paid	13	**(71,163)**	-	**(148,874)**	-
Net cash provided by financing activities		**623,971**	1,769,830	**2,536,401**	3,108,290
Net change in cash and cash equivalents		**(1,323,385)**	775,014	**(1,314,363)**	1,424,222
Cash and cash equivalents, beginning of period		**1,461,439**	677,403	**1,452,417**	28,195
Cash and cash equivalents, end of period		**$ 138,054**	$ 1,452,417	**$ 138,054**	$ 1,452,417
Cash and cash equivalents					
Cash		**$ 96,810**	$ 177,336	**$ 96,810**	$ 177,336
Guaranteed investment certificates		**32,822**	22,788	**32,822**	22,788
Funds held in trust		**8,422**	1,252,293	**8,422**	1,252,293
		$ 138,054	$ 1,452,417	**$ 138,054**	$ 1,452,417
Supplemental information					
Interest received		**$ 945**	$ 3,588	**$ 3,616**	$ 5,873
Non-cash transactions:					
Common shares issued for finders' fees		**$ -**	$ 50,000	**$ -**	$ 50,000
Common shares issued for debt settlement		**$ -**	$ 438,954	**$ -**	$ 438,954
Common shares release from escrow for investments		**$ -**	$ -	**$ 3,800,000**	$ -
Preferred shares isssued in connection with Transaction		**$ -**	$ -	**$ 1,000,000**	$ -
Preferred shares isssued for asset purchase		**$ 3,500,000**	$ -	**$ 3,500,000**	$ -

See accompanying notes to the condensed interim financial statements.

1. NATURE OF BUSINESS AND GOING CONCERN AND BASIS OF PRESENTATION

Nature of Business and Going Concern

Magnetic North Acquisition Corp. (the "Company" or "Magnetic North") (formerly Black Bull Resources Inc.) with the registered and head office at 1000, 250 2nd Street SW, Calgary, Alberta, and offices in Toronto, Ontario, 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 TSX Venture Exchange (“TSXV”)) transaction (the "Transaction") within the meaning of such terms in the policies of the TSXV (see Note 9). 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.

While the condensed interim 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 minimal revenue-generating operating activities and has a significant accumulated deficit. The Company has incurred losses in prior periods, with a loss and comprehensive loss of $701,821 during the twelve months ended September 30, 2020 (twelve months ended September 30, 2019 - $1,468,182) and has an accumulated deficit of $28,432,063 (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.

Basis of Presentation

These condensed interim financial statements (“Financial Statements”) for the three and twelve months ended September 30, 2020, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board (“IASB”) in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the Company’s 2019 audited annual financial statements and notes thereto. These Financial Statements follow the same policies as in the Company’s 2019 audited annual financial statements, except as discussed below.

In September 2020, the Company changed its financial year end from September 30 to December 31. The annual audited financial statements of the transition year will be 15 months and will include the period starting October 1, 2019 and ending December 31, 2020.

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.

These Financial Statements were authorized for issue by the Board of Directors on November 26, 2020.

2. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND NEW ACCOUNTING POLICIES

The preparation of the Financial Statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2 of the Company's 2019 audited annual financial statements and have been updated as necessary to address the impacts of COVID-19 as discussed further below.

COVID-19

On March 11, 2020, the World Health Organization declared the COVID-19 outbreak a global pandemic. COVID-19's impact on global markets was significant throughout the first nine months of 2020. This outbreak resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 pandemic is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the Company's financial results and condition in future periods.

Adoption of New Accounting Policies

IFRS 15 Revenue from Contracts with Customers

In April 2016, the IASB issued amendments to IFRS 15, *Revenue from Contracts with Customers*. IFRS 15 introduces a single model for recognizing revenue from contracts with customers. The standard requires revenue to be recognized in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the consideration expected to be received in exchange for transferring those goods or services. This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company adopted IFRS 15, effective October 1, 2019, using the cumulative effect method. Accordingly, the information presented for the comparative period has not been restated. There was no material impact on the Company's Financial Statements.

Advisory fees from investees

In addition to capital investment, the Company also provides management advisory services to certain of its investees. These advisory services are in the areas of finance, operations and strategy. Revenue from advisory services is recognized on a monthly basis based upon agreed terms with each of the individual investees.

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16, *Leases*, 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 IFRS Interpretations Committee ("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 reasonably 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 recognized where the Company is contractually required to dismantle, remove or restore the leased asset.

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 amortized over the remaining (revised) lease term.

(Expressed in Canadian dollars)

Recent Accounting Pronouncements

Certain accounting 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.

In October 2018, IAS 1, *Presentation of Financial Statements* and IAS 8*, Accounting Policies, Changes in Accounting Estimates and Errors,* were amended to incorporate a new definition of material. 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. In July 2020, IAS 1, *Presentation of Financial Statements*, was amended to clarify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period, right to defer settlement of a liability and settlement refers to transfer of cash, equity instruments or other assets or services. The amendments are effective for annual reporting periods beginning on or after January 1, 2023.

In October 2018, IFRS 3, *Business Combinations*, was amended to clarify that a business must include, at minimum, an input and a substantive process that together contribute to the ability to create outputs, and assists companies in determining whether an acquisition is a business combination or an acquisition of a group of assets by providing supplemental guidance for assessing whether an acquired process is substantive. For acquisitions that are determined to be acquisitions of assets as opposed to business combinations, the Company allocates the transaction price to the individual identifiable assets acquired and liabilities assumed based on their relative fair values, and no goodwill is recognized. Acquisitions that continue to meet the definition of a business combination are accounted for under the acquisition method. 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 and for corporate credit card liabilities. As at September 30, 2020, $32,400 (September 30, 2019 - $22,400) was held in a guaranteed investment certificate as security.

4. TRADE AND OTHER RECEIVABLES

As at		**September 30, 2020**		September 30, 2019
Sales tax receivable	$	100,000	$	16,667
Advisory fee receivable		92,824		-
Interest receivable		45,912		-
	$	238,736	$	16,667

In connection with the $1,350,000 investment into Previcare, Inc. as discussed in Note 6 below, the Company accrued $92,824 in advisory fees as at September 30, 2020.

Interest receivable is comprised of interest accrued from a secured bridge loan to Previcare, Inc. of $40,446 (see Note 7) and loan receivable from Ignite Alliance Corp. of $5,466 (see Note 8).

As at September 30, 2020, the estimated credit losses are $nil (September 30, 2019 - $nil).

(Expressed in Canadian dollars)

5. PREPAID EXPENSES AND ADVANCES

As at		**September 30, 2020**		September 30, 2019
Prepaid expenses	$	46,129	$	12,661
Advances to related parties		94,214		-
	$	140,343	$	12,661

Advances to related parties are amounts owing from certain officers of the Company (see Note 19).

6. ADVANCES TO PRIVATE COMPANIES

During the year ended September 30, 2019, the Company advanced $1,000,000 and $250,000 to Previcare, Inc.("Previcare") and Foamtech North America Ltd. ("Foamtech"), 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 as discussed above, the Company reversed the previously $1,250,000 impairment of the advances to private companies. In November 2019, the Company advanced an additional $350,000 to Previcare. As at November 30, 2019, the company converted the entire advance amount of $1,350,000 into an additional 1,000,000 common shares of Previcare. As at September 30, 2020, the Company's ownership of Previcare increased to 32%.

As at		**September 30, 2020**		September 30, 2019
Foamtech North America Ltd.	$	250,000	$	-
	$	250,000	$	-

As at September 30, 2020, the remaining advance to private companies relates to Foamtech.

7. BRIDGE LOAN RECEIVABLE

On April 14, 2020, the Company entered into a loan agreement to provide Previcare with a secured bridge loan ("Bridge Loan") of up to US$500,000. The Bridge Loan has a nine-month term from the closing date. The Bridge Loan accrues interest at 15.0% per annum: a) accrued monthly or daily if repaid other than at a month end; otherwise, b) to be paid at the end of the term, subject to five (5) months' minimum interest on the principal amount outstanding if the entire principal amount outstanding is repaid prior to the end of the fifth month. The Bridge Loan, principal and all accrued and unpaid interest, is repayable at the end of the term. Previcare may repay the Bridge Loan in advance of the end of the term, by first paying all accrued interest to the date of repayment plus principal repayment(s) in tranches of $50,000.

The Bridge Loan entitles the Company to receive a total of 50,000 warrants to acquire common shares of Previcare, on a one-for-one basis at a cost of $10.00 per common share. The warrants vested immediately upon execution of the loan agreement and will expire three (3) years from the execution date.

The Bridge Loan is secured by current and non-current assets of Previcare and its subsidiaries (including but not limited to accounts receivable, intellectual property and contractual relationships).

(Expressed in Canadian dollars)

As at September 30, 2020, the Company has provided US$500,000 ($666,950) to Previcare and has accrued interest of US$30,329 ($40,446).

8. LOAN RECEIVABLE

During the period ended September 30, 2020, the Company provided a loan to Ignite Alliance Corp. ("Ignite") in the amount of $300,000. The loan accrues interest at 10.0% per annum. The principal and accrued interest is due and payable on December 31, 2020 and may also be settled through the issuance of common shares of Ignite.

As at September 30, 2020, the Company has accrued interest of $5,466.

9. INVESTMENTS

Under the Transaction, as previously discussed, 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 Previcare, Inc., Ignite Alliance Corp. and Power Symmetry Inc. With the completion of the Transaction, the Vendors were appointed officers and directors of the Company.

The Company incurred $450,409 of transaction costs for this Transaction.

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:

600,000 common shares of Previcare, Inc.	$	2,400,000
50,000 common shares of Ignite Alliance Corp.		1,920,000
40 common shares of Power Symmetry Inc.		480,000
	$	4,800,000

In January 2020, the Company created a recycling company called CXTL Recycling (Canada) Corp. ("CXTL"). In April 2020, CXTL entered into an exclusive sale and usage agreement with Cirque Innovations Ltd. ("Cirque") whereby Cirque will sell and deliver to CXTL machines that uses technology to recycle and refine or convert plastics and other hydrocarbon-related substances into market-ready petro-chemical and associated products. In connection with this exclusive sale and usage agreement, Magnetic North and Cirque will jointly own CXTL on a 50/50 basis. Cirque will contribute the technology and staff and Magnetic North will contribute capital and management expertise as needed. In July 2020, Magnetic North entered into an asset purchase agreement with

Cirque to purchase, on CXTL's behalf, an initial prototype version of this aforementioned machine for 350,000 Series A preferred shares and $500,000 in cash. This machine will become part of CXTL's operations.

(Expressed in Canadian dollars)

During the twelve months ended September 30, 2020, the Company has invested $5,575,340 into CXTL.

As at September 30, 2020, investments consisted of the following:

1,600,000 common shares of Previcare, Inc.	$ 3,750,000
50,000 common shares of Ignite Alliance Corp.	1,920,000
CXTL Recycling (Canada) Corp.	5,575,340
Power Symmetry Inc.	480,000
GrowthCell Global	25,000
	$ 11,750,340

10. MINERAL CLAIMS

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 the sale therefrom (the "Mining Assets").

The terms of the Offer 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; and
(c) If the total funding of US$5,000,000 is provided to Magnetic North for the 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, however with the emergence of COVID-19 the progress of this Offer has been delayed.

11. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

As at	**September 30, 2020**	September 30, 2019
Trade accounts payable	$ 221,832	$ 114,618
Accrued liabilities	34,000	197,039
	$ 255,832	$ 311,657

12. 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.

(Expressed in Canadian dollars)

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 $270,487 (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.

As at	**September 30, 2020**	September 30, 2019
Opening balance	$ 266,891	$ 262,097
Accretion	4,794	4,794
	$ 271,685	$ 266,891

13. SHARE CAPITAL

(a) Authorized
Unlimited common shares without par value
Unlimited preferred shares without par value

(b) Common shares issued

	Number of Shares	Amount ($)
Balance, September 30, 2018	3,552,287	$ 23,588,518
Private placement(1)	12,532,000	1,253,200
Share issue costs	-	(68,000)
Common shares issued for finders' fees(2)	500,000	50,000
Common shares issued for debt settlement(3)	4,466,818	438,954
Common shares issued in escrow(4)	38,000,000	3,800,000
Subscriptions receivable	-	(3,800,000)
Balance, September 30, 2019	59,051,105	$ 25,262,672
Conversion of subscription receivable	-	3,800,000
Share issue costs	-	(17,009)
Balance, September 30, 2020	59,051,105	$ 29,045,663

Notes:
(1) Private placements of common shares at $0.10 per common share completed during February 2019, March 2019, August 2019 and September 2019.
(2) Common shares issued in relation to finder's fee with respect to the private placements completed during 2019
(3) On August 28, 2019, the Company issued 4,466,818 common shares to settle $438,954 of debt. Of the shares issued, 3,660,238 were related to the settlement of $366,024 in demand loans relating to Zenith Appraisal & Land Consulting Ltd., a corporation controlled by a former director of Magnetic North; 537,780 were related to the repayment of deposit liabilities from 2018 and 268,800 were related to the settlement of legal fees related to the Transaction.
(4) On August 28, 2019, the Company issued 38,000,000 common shares in escrow to the Vendors for the Purchased Assets in anticipation of the closing of the Transaction.

(c) Series A preferred shares

(i) Series A preferred shares issued

(Expressed in Canadian dollars)

	Number of Shares		Amount ($)
Balance, September 30, 2018	-	$	-
Private placement(1)	185,179		1,851,790
Share issue costs	-		(31,920)
Balance, September 30, 2019	185,179	$	1,819,870
Preferred shares issued pursuant to Transaction(2)	100,000		1,000,000
Private placement(3)	406,787		4,067,870
Preferred shares issued for asset purchase(4)	350,000		3,500,000
Share issue costs(5)	-		(332,366)
Balance, September 30, 2020	1,041,966	$	10,055,374

Notes:
(1) Private placements of Series A preferred shares at $10 per share completed during February 2019, March 2019, April 2019 and August 2019.
(2) Upon completion of the Transaction, the Company issued 100,000 Series A preferred shares at $10 per share to the Vendors.
(3) Private placements of Series A preferred shares at $10 per share completed during March 2020, May 2020, June 2020 and July 2020.
(4) On August 5, 2020, the Company issued 350,000 Series A preferred shares at $10 per share to purchase a machine on behalf of CXTL, as discussed above.
(5) Share issue costs consists of finders' fees, legal fees and other professional services fees relating to the aforementioned private placements.

(ii) Dividends paid

During the twelve months ended September 30, 2020, the Company declared and paid dividends totaling $148,874 with respect to the quarters ended December 31, 2019, March 31, 2020 and June 30, 2020.

(iii) 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, if and when declared by the Board of Directors, such dividend in such amount as may be determined by the Board of Directors at its sole discretion.

The holders of Series A preferred shares are entitled to receive 50% of any capital gains received by the Company in the event of the sale or other form of disposition of an investee company and to receive 50% of the proceeds received by the Company in respect of any dividend payment, special distribution or similar distribution to the Company by an investee company ("Disposition Entitlement").

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.

(Expressed in Canadian dollars)

14. SHARE-BASED COMPENSATION

The Company has adopted, and the TSXV have approved, a 10% rolling stock option plan (the "Plan") under which the Board of Directors may grant options to directors, officers, other employees and key consultants. Under the Plan, the exercise price of an option shall be determined by the Board of Directors but shall in no event be less than the market price, less any allowable discount, of the common shares of the Company on the TSXV. The options expire five years from the grant date and generally vest as follows: 25% immediately and 25% each at the 12, 24 and 36 months from the grant date. 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 following table summarizes information about stock options outstanding as at September 30, 2020:

	Options	Weighted average exercise price
Outstanding, September 30, 2019	-	$ -
Granted	4,090,000	0.37
Outstanding, September 30, 2020	4,090,000	$ 0.37
Exercisable, September 30, 2020	1,035,000	$ 0.37

The following table provides a summary of the stock option plan as at September 30, 2020:

Options outstanding			Options exercisable	
Exercise price	Number outstanding	Remaining contractual life (years)	Number exercisable	Exercise price
$ 0.10	2,000,000	4.18	500,000	$ 0.10
$ 0.16	400,000	4.37	100,000	$ 0.16
$ 0.64	350,000	4.79	100,000	$ 0.64
$ 0.65	450,000	4.90	112,500	$ 0.65
$ 0.83	890,000	4.65	222,500	$ 0.83
$ 0.37	4,090,000	4.43	1,035,000	$ 0.37

The weighted average grant date fair value of options granted during the twelve months ended September 30, 2020 has been estimated at $0.45 per option using Black-Scholes option pricing model. There were no options granted during the same period in 2019. The Company has applied the following assumptions in determining fair value of options for grants during the twelve months September 30, 2020:

(Expressed in Canadian dollars)

	2020	2019
Weighted average exercise price per option	$ 0.37	N/A
Risk-free interest rate	0.38% to 1.54%	N/A
Expected volatility	100%	N/A
Weighted average expected life	5 years	N/A
Forfeiture rate	0%	N/A
Weighted average fair value per option	$ 0.45	N/A

15. REVENUE

The Company derives its revenue from contracts with customers primarily through advisory fees from its investees at a point in time.

	Three months ended September 30,		Twelve months ended September 30,	
	2020	2019	**2020**	2019
Revenue				
Advisory fees from investees	**$ 92,824**	$ -	**$ 92,824**	$ -

16. GENERAL AND ADMINISTRATIVE

	Three months ended September 30,		Twelve months ended September 30,	
	2020	2019	**2020**	2019
Consulting fees	**$ 108,000**	$ 92,125	**$ 329,000**	$ 100,125
Professional fees	**212,224**	(94,369)	**391,082**	45,993
Investor relations	**34,039**	5,018	**88,501**	15,718
Office and general	**1,317**	5,060	**95,942**	9,199
Travel expenses	**5,135**	27,629	**69,036**	27,629
Regulatory fees	**5,729**	-	**61,393**	-
Share-based compensation	**252,635**	-	**582,291**	-
	$ 619,079	$ 35,463	**$ 1,617,245**	$ 198,664

Consulting fees include fees paid to certain officers of the Company.

17. LOSS PER SHARE

Basic loss per share is calculated based on net loss and the weighted-average number of common shares outstanding. The Company has recorded a loss in each of the periods presented and therefore any addition to basic shares is anti-dilutive.

	Three months ended September 30,		Twelve months ended September 30,	
	2020	2019	**2020**	2019
Loss for period	**$ (516,319)**	$ (1,287,137)	**$ (701,821)**	$ (1,468,182)
Weighted average number of common shares (basic and diluted)	**59,051,105**	27,990,680	**59,051,105**	9,067,356
Basic and diluted loss per share	**$ (0.01)**	$ (0.05)	**$ (0.01)**	$ (0.16)

For the three and twelve months ended September 30, 2020, all shares issued under the stock option plan were excluded in calculating the weighted average number of diluted shares outstanding as they were considered anti-dilutive as there was a net loss during the periods. There were no options outstanding in the same periods in 2019.

18. SEGMENTED INFORMATION

The Company's operations comprise a single reporting operating segment engaged in 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.

19. 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.

During the three and twelve months ended September 30, 2020, the Company paid consulting fees of $108,000 and $329,000, respectively, to certain officers of the Company.

As at September 30, 2020, related parties owed the Company $94,214 (September 30, 2019 - $nil), which are included in prepaid expenses and advances.

20. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (including interest rate risk, foreign currency risk and commodity and equity price risk). Risk management is carried out by the Company's management team with guidance from the Board of Directors.

The Company has exposure to the following risks from its use of financial instruments:

Credit Risk

Credit risk is the risk of loss associated with a counterparty’s inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, trade and other receivables, advances to private companies, bridge loan receivable and loan receivable. Cash and cash equivalents are held with select major Canadian chartered banks. Trade and other receivables consist of sales taxes receivable from government authorities in Canada, advisory fee receivable and interest receivable from various loans. The Company does not have significant concentration risk from cash and cash equivalents and trade and other receivables.

The Company manages credit risk through the careful selection and monitoring of its investments. The advances to private companies, bridge loan receivable and loan receivable are managed through active review of the financial performance of those borrowers.

Liquidity Risk

Liquidity risk is the risk the Company will encounter difficulties in meeting its financial liability obligations. The Company manages its liquidity risk through cash management, which includes monitoring forecasts of the Company’s cash and cash equivalent on the basis of projected cash flow. As at September 30, 2020, the Company had a cash balance of $138,054 (September 30, 2019 - $1,452,417) to settle current liabilities of $527,517 (September 30, 2019 - $616,768). Historically, the Company’s sole source of funding has been the issuance of equity securities for cash through private placements (see Note 21 regarding the private placement completed on

October 26, 2020 for gross proceeds of $1,656,970). The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

Fair Values of Financial Assets and Liabilities

The fair values of cash and cash equivalents, trade and other receivables, bridge loan receivable, loan receivable, and accounts payable and accrued liabilities included in the condensed statement of financial position approximate their carrying amount due to the short-term maturity of these instruments. The fair value of advances to private companies and investments are measured at fair value through profit or loss and considered to be under Level 3 hierarchy. There were no transfers between levels in the fair value hierarchy during the twelve months ended September 30, 2020.

21. SUBSEQUENT EVENTS

(i) On October 9, 2020, the Company announced a new non-brokered private placement of Series A preferred shares for gross proceeds of up to $2,000,000. On October 26, 2020, the Company announced the closing of this private placement with the issuance of 165,697 Series A preferred shares for gross proceeds of $1,656,970. In connection with this private placement, the Company paid finder's fees in the amount of $1,750.

(ii) On October 28, 2020, the Company announced that it has closed its acquisition of Intergild Advanced Recycling Technologies Corp. ("Intergild") as previously announced on August 26, 2020. Pursuant to the share purchase agreement dated effective August 24, 2020, Magnetic North acquired all issued and outstanding shares of Intergild in consideration for (a) the issuance of an aggregate of 400,000 Series A preferred shares at $10.00 per share, (b) a cash payment in the amount of $53,000, and (c) a promissory note in the amount of $377,000, which is due and payable within 60 days of the closing date. In addition, the Company issued 300,000 stock options of the Company to Graham Fritz, Founder and former CEO of Intergild, who has joined the Magnetic North Board of Advisors, and 300,000 warrants of the Company to the other shareholder of Intergild, with each option and warrant entitling the holder to acquire one common share of the Company at a price of $0.70 per share for a term of five years. Magnetic North intends to merge Intergild into CXTL Recycling Canada Corp. to augment their e-waste recycling solution.

(iii) On November 3, 2020, the Company announced that the TSXV has approved to list the Company's Series A preferred shares for trading. The trading began on November 6, 2020 under the symbol MNC.PR.A.

(iv) On November 10, 2020, the Company announced that its disinterested common shareholders approved the adoption of an omnibus incentive plan for purposes of attracting, retaining and motivating key individuals. The Company also announced a stock option grant of 100,000 options at an exercise price of $0.79 per share to an officer of the Company.