MAGNETIC NORTH ACQUISITION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FIFTEEN MONTHS ENDED DECEMBER 31, 2020

(Expressed in Canadian Dollars)

Introduction

This management's discussion and analysis ("MD&A") for Magnetic North Acquisition Corp. ("Magnetic North", the "Company", "we", "us" or "our") dated May 28, 2021, should be read in conjunction with our audited consolidated annual financial statements and accompanying notes for the fifteen months ended December 31, 2020 (as compared with the twelve months ended September 30, 2019), the September 30, 2019 audited annual financial statements and accompanying notes, and the September 30, 2019 MD&A.

All financial information, unless otherwise noted, presented in this MD&A is reported in Canadian dollars and has been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). Certain figures have been reclassified to conform to the current year presentation in this MD&A. Additional information relating to the Company, including the annual and quarterly financial statements and MD&A, is available on SEDAR at www.sedar.com.

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

This MD&A addresses matters we consider important for an understanding of the Company's business, financial condition and results of operations as at and for the three and fifteen months ended December 31, 2020.

Description of Business and Overview

Magnetic North with the registered and head office at 1000, 250 2nd Street SW, Calgary, AB T2P 0C1, 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.

The Company's common shares and Series A preferred shares trade on the TSXV under the symbol "MNC" and "MNC.PR.A", respectively.

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. 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 deemed price of $0.05 per share and 100,000 Series A preferred shares of the Company at a deemed price of $10.00 per Series A preferred share. The Purchased Assets comprised of all the Vendors' equity interests in Previcare, Inc. ("Previcare"), Ignite Alliance Corp. ("Ignite"), and Power Symmetry Inc. With the completion of the Transaction, the Vendors were appointed officers and directors of the Company, the Company changed its primary business to merchant banking and changed its name from Black Bull Resources Inc. to Magnetic North Acquisition Corp.

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. After the completion of the Transaction, Magnetic North carried on the business of hands-on merchant banking comprised of a team of highly experienced professionals in finance, operations, and strategy. Market segments we invest in include, but are not limited to, clean power technology, oilfield services, consumer products, and technology (software and hardware).

In furtherance of the Company's new business objective, we 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 provide strategic guidance on the investee's businesses or assets through board representation;
(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 increasing the investee company's valuation.

See "Risks and Uncertainties" below.

Quarter Ended December 31, 2020 Highlights

Financial:

- Reversed previously reported revenue of $92,824 relating to advisory fees from investee ($nil in 2019);
- General and administrative expenses increased by $2,100,536 over 2019, to $2,286,038;
- Reversed the previously reported impairment charge reversal of $1,250,000 relating to advances to private companies from September 30, 2019;
- Reported share-based transaction costs in connection with the Transaction, acquisition of Intergild Advanced Recycling Technologies Corp. ("Intergild") and private placements of Series A preferred shares of $7,659,973;
- Loss was $13,278,138 and loss per share was $0.22;
- Completed a non-brokered private placement of 165,697 Series A preferred shares at $10.00 per share for gross proceeds of $1,656,970; and
- Issued 400,000 Series A preferred shares at $10.00 per share, $53,016 in cash, $376,984 promissory note, 300,000 stock options and 300,000 warrants in connection with the completion of the previously announced acquisition of Intergild.

Fifteen Months ended December 31, 2020 Highlights

Financial:

- General and administrative expenses increased by $3,122,328 over 2019, to $3,320,992;
- Reported an impairment of investments of $417,000;
- Reported share-based transaction costs in connection with the Transaction, acquisition of Intergild and private privatements of Series A preferred shares of $7,659,973;
- Loss was $13,979,959 and loss per share was $0.24;
- Issued 100,000 Series A preferred shares at $10.00 per share to the Vendors in connection with the Transaction, as previously discussed;
- Advanced an additional $350,000 to Previcare, which increased the Company's ownership of Previcare to 32%;
- Entered into a nine-month loan agreement to provide Previcare with a secured bridge loan of US$500,000 ($695,000) at an annual interest rate of 15.0%;
- Completed multiple non-brokered private placements of 572,484 Series A preferred shares at $10.00 per share for gross proceeds of $5,724,840;
- Issued 350,000 Series A preferred shares at $10.00 per share and paid $700,000 in cash (inclusive of GST) for the demonstration machine discussed below;
- Issued 400,000 Series A preferred shares at $10.00 per share, $53,016 in cash, $376,984 promissory note, 300,000 stock options and 300,000 warrants in connection with the completion of the previously announced acquisition of Intergild; and

- Paid dividends of $148,874 on the Series A preferred shares.

Operational:

- Executed an Indicative Offer of Finance ("Offer") with Infrastructure Commodities Limited ("ICML") to explore, mine, refine and produce minerals such as quartz, kaolin and mica on the Company's wholly owned White Rock property located in Yarmouth County Nova Scotia. 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;
- Engaged Colwell Capital to provide investor relations services;
- Entered into an exclusive sale and usage agreement with Cirque Innovations Ltd. ("Cirque") for the the exclusive world-wide right to use their machines and related inventions that recycle and refine or convert plastics and other hydrocarbon-related substances into market-ready petro-chemical and associated products (the "Machines"). CXTL Recycling (Canada) Corp., a wholly-owned subsidiary of Magnetic North that was incorporated in January 2020, will use these Machines in its operations. Magnetic North agreed to issue Cirque shares representing a 50% equity ownership in CXTL concurrently with such parties entering into a unanimous shareholder agreement to provide for their rights in relation to CXTL. Cirque will contribute the technology and staff, and Magnetic North will contribute capital, and management expertise as needed.
- Entered into an asset purchase agreement with Cirque to purchase a demonstration machine that uses technology to recycle and refine or convert plastics and other hydrocarbon-related substances into market-ready petro-chemicals and associated products to be used by CXTL.
- Appointment of Stephen McCormick as Vice President, Capital Markets;
- Appointment of Ha Tran as Chief Financial Officer;
- Completed the previously announced acquisition of Intergild. 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 $53,016, and (c) a promissory note in the amount of $376,984. 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. Intergild was amalgamated with CXTL in November 2020 to augment CXTL's e-waste recycling solution; and
- The Company's disinterested common shareholders approved the adoption of an omnibus incentive plan.

Subsequent Events:

- Subsequent to December 31, 2020, Magnetic North and Cirque executed the unanimous shareholder agreement as per the terms of the sale and usage agreement to provide each party with a 50% equity ownership in CXTL.

Investments

The Company's investment portfolio consisted of the following as at December 31, 2020:

Investment	Instrument	Financial Instrument Fair Value Hierarchy	Cost $	Fair Value $	Company's ownership %
Previcare, Inc.	Equity	3	$ 350,000	$ -	32%
Ignite Alliance Corp.	Equity	3	-	-	Under 1%
Growth Cell Global	Equity	3	67,000	-	Under 1.5%
			$ 417,000	**$ -**	

Subsequent to the Transaction, the Company invested an additional $350,000 into Previcare, Inc. This resulted in an increase in the Company's ownership to 32% of Previcare, Inc. The Company has elected to use the exemption in IAS 28 – Investments in associates and joint ventures for venture capital companies in assessing the accounting treatment for its investment in Previcare, Inc. Under this exemption, the Company may designate all investments managed in the same way at fair value through profit or loss. The Company has designated its investments at fair value through profit or loss, regardless of whether or not significant influence exists. All realized and unrealized gains and losses are recorded in the consolidated statement of loss and comprehensive loss.

The Company also invested $67,000 in GrowthCell Global, a private company that manufactures, distributes, markets and sells an amino acid complex.

As these investments are categorized as Level 3 financial instruments, since the inputs for these assets are not based on observable market data, the Company engaged an independent valuator to perform an independent valuation on these assets as at December 31, 2020.

Investments are valued at cost for a limited period after the date of acquisition, provided the purchase price remains representative of the fair value at the reporting date; otherwise, investments are valued using other available methodologies. Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding are valued using alternative methodologies. The Company considers investee company performance relative to plan, going concern risk, continued funding availability, comparable peer group valuations, exit market conditions and general sector conditions and calibrates its valuation of each investment as appropriate. The process of valuing investments for which no active market exists is inevitably based on inherent uncertainties, and the resulting values may differ significantly from the values that would have been used had a ready market existed for the investments. These differences could be material to the fair value of investments in the portfolio.

As at December 31, 2020, based on minimal revenues generated to date, the Company recorded a fair value adjustment of $417,000 for these investments.

Selected Annual Financial Information

The Company's selected annual financial information as at and for the three most recently completed financial years ended are summarized as follows:

	Fifteen Months Ended December 31, 2020	Twelve Months Ended September 30, 2019	Twelve Months Ended September 30, 2018
Expenses	$ 4,561,186	$ 219,261	$ 113,281
Operating loss	(4,561,186)	(219,261)	(113,281)
Loss	(13,979,959)	(1,468,182)	(114,750)
Loss per share - basic and diluted	(0.24)	(0.16)	(0.03)
Total assets	9,127,766	2,188,075	334,528
Total liabilities	18,555,921	2,436,638	789,063
Shareholders' equity (deficiency)	(9,428,155)	(248,563)	(454,535)

Results of Operations

The following table sets forth a summary of Magnetic North's results of operations for the three and fifteen months ended December 31, 2020, three months ended December 31, 2019 and twelve months ended September 30, 2019.

	Three Months Ended December 31, 2020	2019	Fifteen Months Ended December 31, 2020	Twelve Months Ended September 30, 2019
Revenue	$ (92,824)	$ -	$ -	$ -
Selling, general and administrative expenses	2,286,038	185,502	3,320,992	198,664
Other (expenses) income	(10,899,276)	737,712	(10,658,967)	(1,269,518)
(Loss) income	(13,278,138)	552,210	(13,979,959)	(1,468,182)
(Loss) income per share - basic and diluted	(0.22)	0.01	(0.24)	(0.16)

Revenue

During the three months ended December 31, 2020, the Company reversed previously reported revenue of $92,824 relating to advisory fees from an investee. The contract did not meet the criteria for recognition under IFRS 15 and as such no revenues were reported during the fifteen months ended December 31, 2020.

Selling, General and Administrative Expenses ("SG&A")

SG&A increased by $2,100,536 for the three months ended December 31, 2020 compared to the same period in 2019. SG&A include consulting fees, professional fees, investor relations, salaries and benefits, research and development, regulatory fees and other office expenses. The increase in SG&A resulted from increased corporate activity related to the completion of the Transaction and the Company's change of business. The majority of the increase were due to research and development expenses of $797,038 incurred by the Company's wholly-owned subsidiary CXTL, increases in consulting fees of $265,898, professional fees of $224,353, and salaries and benefits of $249,926. The remainder of the increase of $563,321 were from various miscellaneous office and general expenses.

SG&A increased by $3,122,328 for the fifteen months ended December 31, 2020 compared to the twelve months ended September 30, 2019. The increase in SG&A resulted from increased corporate activity related to the completion of the Transaction and the Company's change of business. The majority of the increase were due to research and development expenses of $797,038 incurred by the Company's wholly-owned subsidiary CXTL, increases in professional fees of $637,533, consulting fees of $559,273, salaries

and benefits of $266,461 and investor relations of $118,939. The remainder of the increase of $743,084 were from various miscellaneous office and general expenses.

Other (Expenses) Income

Other expenses are comprised of exploration and evaluation expenses, share-based compensation, depreciation expense, accretion, finance income (net), dividend expense, transaction costs, share-based transaction costs, expected credit losses, impairment of investments and impairment/recovery of advances to private companies.

Other expense for the three months ended December 31, 2020 were $10,899,276 compared to other income of $737,712 for the same period in 2019. Other expense for the fifteen months ended December 31, 2020 were $10,658,967 compared to $1,269,518 for the twelve months ended September 30, 2019.

Share-based compensation

During the three and fifteen months ended December 31, 2020, the Company reported share-based compensation expense of $270,685 and $852,976, respectively. During the three months ended December 31, 2019, the Company reported share-based compensation expense of $79,030. There was no share-based compensation expense reported during the twelve months ended September 30, 2019 as there were no options granted during this period. Share-based compensation expense will vary from period to period depending upon the number of options granted and vested during each period and the fair value of the options calculated as at the grant date.

Depreciation expense

During the three and fifteen months ended December 31, 2020, the Company reported depreciation expense of $438,177 compared with $nil for the three months ended December 31, 2019 and twelve months ended September 30, 2019. Depreciation expense is comprised of depreciation expense from the machinery and equipment and lease assets from the Company's wholly-owned subsidiary CXTL, which was incorporated in January 2020.

Dividend expense

Dividend expense is related to the Company's Series A preferred shares and they were previously reported against retained earnings. As at December 31, 2020, the Series A preferred shares were reclassified from equity to liability as it was deemed a financial liability due to the Company's contractual obligations to deliver cash to the holders of the Series A preferred shares. There were no dividends paid during the twelve months ended September 30, 2019.

Transaction costs

During the three and fifteen months ended December 31, 2020, the Company reported transaction costs relating the completion of the Transaction of $4,964 and $455,373, respectively. During the three months ended December 31, 2019, the Company reported transaction costs of $442,078. There were no transaction costs reported during the twelve months ended September 30, 2019 as the Transaction did not close until October 2019.

Share-based transaction costs

During the three and fifteen months ended December 31, 2020, the Company reported share-based transaction costs of $7,659,973. The share-based transaction costs were primarily due to the excess of the consideration transferred over the fair value of the assets acquired and are comprised of $4,800,000 relating to the assets acquired as part of the Transaction and $2,517,814 relating to the assets acquired from Intergild. The remaining balance of $342,159 was related to the Series A preferred shares issue costs.

These transactions did not occur during the three months ended December 31, 2019 and twelve months ended September 30, 2019.

Expected credit losses

During the three and fifteen months ended December 31, 2020, the Company reported an expected credit loss of $761,509. This loss is comprised of the bridge loan principal and related interest receivable of $695,000 and $66,509, respectively. The Company did not provide any such loans during the three months ended December 31, 2019 and twelve months ended September 30, 2019.

Impairment of investments

During the three and fifteen months ended December 31, 2020, the Company reported an impairment of investments of $417,000 with respect to its investment in Previcare, Inc. and Growthcell Global based on minimal revenues to date.

Impairment of advances to private companies

During the twelve months ended September 30, 2019, the Company recorded an impairment of advances to private companies of $1,250,000. During the three months ended December 31, 2019, the Company reversed this impairment charge and reported a recovery of $1,250,000. However, due to minimal revenues to date from these private companies, this recovery was reversed during the three months ended December 31, 2020.

Summary of Quarterly Results

	Dec 31 2020	Sept 30 2020	Jun 30 2020	Mar 31 2020	Dec 31 2019	Sept 30 2019	Jun 30 2019	Mar 31 2019	Dec 31 2018
Revenue	$ (92,824)	$ 92,824	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Expenses	2,922,869	619,504	436,784	314,257	267,772	39,527	25,658	132,771	21,305
Operating loss	(3,015,693)	(526,680)	(436,784)	(314,257)	(267,772)	(39,527)	(25,658)	(132,771)	(21,305)
Loss	(13,278,138)	(516,319)	(423,210)	(314,502)	552,210	(1,287,137)	(26,141)	(133,235)	(21,669)
Loss per share - basic and diluted	(0.22)	(0.01)	(0.01)	(0.01)	0.01	(0.10)	(0.01)	(0.04)	(0.01)

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.

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. The Company continues to seek capital through various means including the issuance of equity.

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 operating activities.

At December 31, 2020, the Company had working capital of $1,329,148 (September 30, 2019 – $1,536,970).

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. For 2021, the Company's expected operating expenses are estimated to be $90,000 per month for recurring operating costs.

The Company is anticipated to have sufficient cash to fund its operating expenses for the year ended December 31, 2021. The Company will have to raise additional capital beyond 2021 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.

The following table sets out the condensed consolidated statement of cashflows for the fifteen months ended December 31, 2020 and twelve months ended September 30, 2019.

	Fifteen Months Ended December 31, 2020	Twelve Months Ended September 30, 2019
Net cash flows used in operating activities	$ (3,707,230)	$ (428,356)
Net cash flows used in investing activities	(1,565,105)	(1,255,712)
Net cash flows provided by financing activities	3,966,386	3,108,290
Net change in cash and cash equivalents	(1,305,949)	1,424,222
Cash and cash equivalents, beginning of period	1,429,629	5,407
Cash and cash equivalents, end of period	$ 123,680	$ 1,429,629

Operating activities for the fifteen months ended December 31, 2020 were primarily affected by adjustments for non-cash share-based transaction costs of $7,264,798, share-based compensation expense of $852,976, expected credit losses of $761,509 relating to the principal and interest on the bridge loan, depreciation expense of $438,177, impairment of investments of $417,000, net change in non-cash working capital balances of $530,941 and other non-cash adjustments of $7,328.

Investing activities for the fifteen months ended December 31, 2020 were primarily related to property, plant and equipment additions of $1,110,671 incurred by CXTL, investments made to the Company's various investees of $417,000 and additional purchases of guaranteed investment certificates of $37,434. During the twelve months ended September 30, 2019, the Company provided advances of $1,250,000 to two private companies.

Financing activities for the fifteen months ended December 31, 2020 generated net cash of $3,966,386 from the issue of Series A preferred shares for cash proceeds of $4,859,840, partially offset by facilitated loans of $695,000 (net of repayment of $300,000), lease payments of $143,225 and repayment of demand loans of $38,220.

Other Commitments and Contingencies

The Company has commitments for financial liabilities and one lease agreement, with minimum payments due as of December 31, 2020, as follows:

As at December 31, 2020	Carrying Value	Less than 1 year	1 to 3 years	4 to 5 years	Greater than 5 years	Total
Trade and accrued liabilities	$ 688,101	$ 688,101	$ -	$ -	$ -	$ 688,101
Promissory note payable	176,984	176,984	-	-	-	176,984
Lease liability - current	661,860	768,306	-	-	-	768,306
Lease liability - long-term	793,394	-	832,331	-	-	832,331
Total commitments	$ 2,320,339	$ 1,633,391	$ 832,331	$ -	$ -	$ 2,465,722

In addition to the above commitments, the Company has committed to capital expenditures of approximately $637,000 to be spent within a year.

Legal Matters

From time to time, the Company becomes party to legal proceedings in the normal course of business. At December 31, 2020, there was one claim (2019 – no claims) against the Company for which an amount approximating the estimated settlement has been accrued on the consolidated statement of financial position. There is a second claim in which the Company has been named for alleged commercial lease arrears and alleged real estate commissions, plus interest and costs, for which no accrual has been made at year-end. The Company has consulted with its external legal counsel and is of the opinion that the claim is without merit as any alleged outstanding amounts are the responsibility of another individual pursuant to an individual personal guarantee. The claim will be vigorously defended. The Company does not anticipate any material costs to be incurred in addition to the accrued amounts owing.

Outstanding Share Data

The total number of fully diluted outstanding and issuable Common Shares is as follows:

	May 28, 2021	Dec 31, 2020	Sept 30, 2019
Common shares	59,051,105	59,051,105	59,051,105
Series A preferred shares	1,607,663	1,607,663	185,179
Stock options[1]	4,493,927	4,540,000	-
Common share purchase warrants[1]	300,000	-	-
Total	65,452,695	65,198,768	59,236,284

Note: [1] Assuming full conversion and ignoring exercise prices.

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 fifteen months ended December 31, 2020, the Company paid consulting fees of $193,152 and $522,152, respectively, to certain officers of the Company which were recorded in SG&A. As at December 31, 2020, the Company recorded a prepayment of $27,250 with respect to the January 2021 consulting fees for the Company's two Co-Chief Executive Officers.

Investments in companies with common management personnel:

Entity	Type of Investment	Holdings (#)	Fair Value ($)
Previcare, Inc.[1]	Common shares	1,600,000 shares	$ -
Ignite Alliance Corp. [2]	Common shares	50,000 shares	-
			$ -

[1] Kevin Spall, Co-Chief Executive Officer of the Company, is also the Treasurer/VP and a Director of Previcare.
[2] Andrew Osis, Co-Chief Executive Officer of the Company, is also the CFO of Ignite.

Financial Instruments and 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:

(i) 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 and trade and other receivables. 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 and interest receivable from a loan. The Company does not have significant concentration risk from cash and cash equivalents and trade and other receivables.

(ii) 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 December 31, 2020, the Company had a cash balance of $123,680 (September 30, 2019 - $1,429,629) to settle current liabilities of $1,526,945 (September 30, 2019 - $349,877). Historically, the Company's sole source of funding has been the issuance of securities for cash through private placements. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding.

(iii) Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and commodity and equity prices.

(a) Interest Rate Risk

The Company has cash balances invested in guaranteed investment certificates that are issued by a Canadian Chartered bank. The Company has no interest-bearing debt. At prevailing market interest rates, the impact on interest income is minimal.

(b) Foreign Currency Risk

The Company does not have assets or liabilities denominated in a foreign currency.

(c) Commodity and Equity Price Risk

The Company is exposed to price risk with respect to commodity prices. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The Company closely monitors commodity prices as they relate to valuable minerals to determine the appropriate course of action to be taken by the Company. The Company is exposed to market risks associated with the inherent volatility and external factors that can impact the fair value of equity instruments.

Fair Values of Financial Assets and Liabilities

The fair values of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable and accrued liabilities, and promissory note payable included in the consolidated statement of financial position approximate their carrying amount due to the short-term maturity of these instruments. The fair value of 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 fifteen months ended December 31, 2020.

Off-Balance-Sheet Arrangements

As at December 31, 2020 and the date of this MD&A, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity, capital expenditures and capital resources that would be material to investors.

Outlook

For the immediate future, the Company plans to continue to implement its investment strategy, as described above, and focus on investments in, but are not limited to, clean power technology, consumer products, oilfield services, and technology (software and hardware). The Company will also continue to explore and evaluate the option of finding a joint venture partner for its exploration property in Nova Scotia. The Company continues to monitor its spending and will amend its plans and budgets based on operational results and expectations of raising financing as and when required.

Critical Accounting Estimates

The preparation of the Company's consolidated financial statements in accordance with IFRS requires management to make judgments and estimates that could materially affect the amounts recognized in the financial statements. By their nature, judgments and estimates may change in light of new facts and circumstances in the internal and external environment. The following judgments and estimates are those deemed by management to be material to the Company's consolidated financial statements.

Judgments

Going Concern

At each reporting period, management exercises judgment in assessing the Company's ability to continue as a going concern by reviewing the Company's performance, resources and future obligations.

Fair value of financial instruments

For Level 3 investments where quoted prices are not readily available, the Company values its investments using recognized valuation models. Some or all of the significant inputs into these models may not be observable in the market and are derived from market prices or rates or are estimated based on assumptions. Valuation models that employ significant unobservable inputs requires a higher degree of management judgment and estimation in the determination of fair value.

Depreciation and Amortization

Depreciation and amortization methods are based on management's judgment of the most appropriate method to reflect the pattern of an asset's future economic benefit expected to be consumed by the

Company. Among other factors, these judgments are based on industry standards and company-specific history and experience.

Impairment

Significant judgment is required to assess when impairment indicators exist, and impairment testing is required. The assessment of impairment indicators is based on management's judgment of whether there are internal and external factors that would indicate that a cash generating unit ("CGU") and specifically the non-financial assets within the CGU, are impaired. The determination of a CGU is also based on management's judgment and is an assessment of the smallest group of assets that generate cash inflows independently of other assets. As at December 31, 2020, there were two CGUs, Magnetic North and CXTL. In 2019, there was only one CGU, Magnetic North as CXTL did not exist prior to 2020.

Non-Financial Assets

The Company's assets are aggregated into CGUs for the purpose of calculating impairment. CGUs are based on management's judgments and assessment of the CGUs ability to generate independent cash flows. Judgments are also required to assess when impairment indicators exist, and impairment testing is required for the CGU and specific assets.

Right-of-use Assets and Lease Liabilities

Estimation relating to the selection of the appropriate incremental borrowing rate to be applied to lease payments. The Company applies judgment to determine the lease term for some lease contracts which include renewal options or purchase options. The assessment of whether the Company is reasonably certain to exercise such options impacts the lease term, which may significantly affect the amount of the lease liabilities and right-of-use assets recognized. The Company does not recognize short-term leases with a term of 12 months or less, or leases of low-value assets.

Investments in Associates

The Company has elected to use the exemption in IAS 28 – Investments in associates and joint ventures ("IAS 28") for venture capital companies in assessing the accounting treatment for its investment in Previcare, Inc. Under this exemption, the Company may designate all investments managed in the same way at fair value through profit or loss. The Company has designated its investments at fair value through profit or loss, regardless of whether or not significant influence exists. All realized and unrealized gains and losses are recorded in the consolidated statement of loss and comprehensive loss.

Income Taxes

The Company uses the asset and liability method of accounting for income taxes. Under this method, deferred income tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their carrying amounts reported in the financial statements. Deferred income tax assets also reflect the benefit of unutilized tax losses that can be carried forward to reduce income taxes in future years. Such method requires the exercise of significant judgment in determining whether or not the Company's deferred tax assets are probable of recovery from taxable income of future years and therefore, can be recognized in the financial statements. Also, estimates are required to determine the expected timing upon which tax assets will be realized and upon which tax liabilities will be settled.

Estimates

Asset Retirement Obligation

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These costs are estimated based on the Company's interpretation of current regulatory requirements, constructive obligations and are measured at fair value. Fair value is determined based on the net present value of estimated future cash expenditures for the settlement of restoration liabilities that may occur upon decommissioning of the property.

Impairment of Non-Financial Assets

In determining the estimated recoverable amount of a CGU subject to impairment testing, the Company measures the estimated recoverable amount of a CGU as the higher of fair value less costs of disposal and its value in use. Estimated recoverable amounts of a CGU are evaluated and calculated using various data and assumptions. The data and assumptions used in the estimates of recoverable amount are assessed for reasonableness based on the information available at the time the estimate of recoverable amount is prepared. The estimate of recoverable amount for a CGU involves certain significant assumptions including the forecasted revenue growth rates, forecasted earnings before finance costs, taxes, depreciation and amortization and the discount rate.

Fair value of financial instruments

The Company measures its financial instruments at fair value or amortized cost. Fair value is determined on the basis of market prices from independent sources, if available. If there is no available market price, then fair value is determined by using valuation models. The inputs to these models, such as expected volatility and liquidity discounts, are derived from observable market data where possible, but where observable date is not available, judgment is required to establish fair values. There is inherent uncertainty and imprecision in estimating the factors that can affect fair value, and in estimating fair values generally, when observable data is not available. Changes in assumptions and inputs used in valuing financial instruments could affect the reported fair values.

Right-of-use Assets and Lease Liabilities

Estimation relating to the selection of the appropriate incremental borrowing rate to be applied to lease payments.

Share-Based Compensation

The Company uses an option pricing model to determine the fair value of equity-settled share-based compensation including stock options and warrants. Inputs to the model are subject to various estimates relating to volatility, interest rates, dividend yields and expected life of the units issued. Fair value inputs are subject to market factors as well as internal estimates. The Company considers historic trends together with any new and comparative information to determine the best estimate of fair value at the date of grant.

Significant Accounting Policies

The following is a summary of significant accounting policies used in the preparation of these consolidated financial statements.

Cash and Cash Equivalents

Cash and cash equivalents include amounts held on deposit with financial institutions and funds held in trust.

Inventory

Inventory is measured at the lower of cost and net realizable value. Inventory is comprised of metal concentrate and electronic waste acquired at fair value in connection with the asset acquisition from Intergild Advanced Recycling Technologies. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs to sell. Inventory is written down to net realizable when the cost of inventory is estimated to be unrecoverable due to obsolescence, damage or declining selling prices.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost, including direct costs, attributable indirect costs and carrying costs, less accumulated depreciation and accumulated impairment losses. Expenditures for repairs and maintenance are expensed as incurred, while betterments are capitalized.

Depreciation is charged to operations using either the declining-balance ("DB") or straight-line ("SL") method over the estimated useful lives of the assets. The estimated depreciation rates and useful lives applicable to each category of property, plant and equipment are as follows:

Treatment buildings	10% DB
Water treatment equipment	20% DB
Site improvements	20% SL
Machinery and equipment	10 years SL
Leasehold improvements	Over term of lease
Heavy mobile equipment	5 years SL
Small tools	3 years SL
Computer hardware equipment	3 years SL

When assets are disposed of or retired, the cost and accumulated depreciation is removed from the respective accounts and any resulting loss is reflected in operating expenses.

Right-of-use Assets and Lease Obligations

The Company recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses and adjusted for certain measurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at commencement of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, at the Company's incremental borrowing rate. Payments are applied against the lease obligation and interest expense is recognized on the lease obligations using the effective interest method.

Mineral Claims

The cost of mineral properties are capitalized until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis following the commencement of

production or written-off if the properties are sold or abandoned. If the properties are impaired in value, an appropriate charge will be made at the time.

Costs include the cash consideration and the fair market value of share and options issued on the acquisition of mineral properties. Properties acquired under option agreements or joint ventures, whereby payments are made at the sole discretion of the Company, are recorded the accounts at such time as the payments are made.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is to be under development and is classified as development properties. The carrying value of capitalized mineral claims is transferred to development properties after being tested for impairment.

The recorded carrying value of mineral claim costs represents costs incurred, net of impairments, and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic reserves or the sale of mineral rights.

On an ongoing basis, the Company evaluates each mineral property based on results obtained to date to determine the nature of exploration, other assessment and development work, if any, that is warranted in the future and the potential for recovery of the capitalized costs. If there is little prospect of future work on a property being carried out within a three-year period from completion of previous activities, the deferred costs related to that property are written down to the estimated amount recoverable unless there is persuasive evidence that an impairment allowance is not required.

Exploration and Evaluation Expenditures

Exploration costs are capitalized until the properties are placed into production, sold or abandoned. These costs are amortized on a unit-of-production basis following the commencement of production or written-off if the properties are sold or abandoned. If the properties are impaired in value, an appropriate charge will be made at the time.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined the property is to be under development and is classified as development properties. The carrying value of exploration and evaluation assets is transferred to development properties after being tested for impairment.

The carrying amount of exploration costs represents costs incurred, net of impairments, and are not intended to reflect present or future values. The ultimate recovery of such capitalized costs is dependent upon the discovery and development of economic reserves or sale of mineral rights.

On an ongoing basis, the Company evaluates each mineral property based on results obtained to date to determine the nature of exploration, other assessment and development work, if any, that is warranted in the future and the potential for recovery of the capitalized costs. If there is little prospect of future work on a property being carried out within a three-year period from completion of previous activities, the deferred costs related to that property are written down to the estimated amount recoverable unless there is persuasive evidence that an impairment allowance is not required.

Impairment of Non-Financial Assets

The carrying amounts of the Company's non-financial assets including property, plant and equipment, right-of-use assets, mineral claims, and exploration and evaluation assets are reviewed at each reporting date to determine whether impairment indicators exist, and impairment testing is required for a CGU. If such

indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

The recoverable amount of a CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the Company uses a discounted cash flow model with significant assumptions including the forecasted revenue growth rates, forecasted earnings before finance cost, taxes, depreciation and amortization, and using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the CGU. In assessing fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate approach to valuation is used, which may include internal valuation estimates.

Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset or non-financial assets within the CGU are considered impaired and their carrying amount is reduced to their recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGUs, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the assumptions or data used to determine the estimated recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

Asset Retirement Obligation

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of long-term assets, when those obligations result from the acquisition, construction, development or normal operation of assets. The net present value of future restoration cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to exploration and evaluation assets along with a corresponding increase in the restoration provision in the period incurred. Discount rates using pre-tax rate that reflect the time value of money and risks specific to the liability, are used to calculate the net present value. The restoration asset will be depreciated on the same basis as other mining assets.

Changes in the net present value, excluding changes in the amount and timing of the Company's estimates of reclamation costs, are charged to profit and loss for the period.

The net present value of restoration costs arising from subsequent site damage that is incurred on an ongoing basis during production are charged to profit or loss in the period incurred.

Provisions

Provisions and liabilities for legal and other contingent matters are recognized in the period when it becomes probable a future cash outflow resulting from past operations or events will occur and the amount of the cash outflow can be reasonably estimated. The timing of recognition and measurement of the provision requires the application of judgment to existing facts and circumstances, which can be subject to change, and the carrying amounts of provisions and liabilities are reviewed regularly and adjusted accordingly. The Company is required to both determine whether a loss is probable based on judgment and interpretation of laws and regulations and determine that the loss can be reasonably estimated. When a loss is recognized, it is charged to the consolidated statement of loss and comprehensive loss.

Financial Instruments

Financial instruments are required to be classified into one of the following categories: amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL").

(a) Financial assets

Initial recognition and measurement
The Company determines the classification of financial assets at the time of initial recognition based on the Company's business model and the contractual terms of the cash flows. All financial assets are recognized initially at fair value plus, in the case of financial assets not at FVTPL, directly attributable transaction costs on the trade date at which the Company becomes a party to the contractual provisions of the instrument. Transaction costs relating to financial assets measured at FVTPL are expensed as incurred in the statement of loss and comprehensive loss.

Subsequent measurement – financial assets at amortized cost
A financial asset is measured at amortized cost if it is held within a business model whose objective is to hold assets and collect contractual cash flows and these cash flows are solely payments of principal and interest.

After initial recognition, financial assets measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the Effective Interest Rate ("EIR") method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of loss and comprehensive loss. The Company classifies its trade and other receivables and bridge loan receivable as measured at amortized cost.

Subsequent measurement – financial assets at FVTPL
Financial assets measured at FVTPL are carried at fair value in the consolidated statement of financial position with changes in fair value recognized in the consolidated statement of loss and comprehensive loss. The Company classifies its investments as measured at FVTPL. Gains and losses arising from changes in the fair value of investments are presented in the consolidated statement of loss and comprehensive loss within net change in unrealized gains or loss on investments in the period in which they arise.

Subsequent measurement – financial assets at FVOCI
Financial assets measured at FVOCI are non-derivative financial assets that are not held for trading and the Company has made an irrevocable election at the time of initial recognition to measure the assets at FVOCI.

After initial measurement, investments measured at FVOCI are subsequently measured at fair value with unrealized gains or losses recognized in other comprehensive income or loss in the statements of comprehensive loss. When the investment is sold, the cumulative gain or loss remains in accumulated other comprehensive income or loss and is not reclassified to profit or loss. The Company does not measure any financial assets at FVOCI.

Derecognition
A financial asset is derecognized when the contractual rights to the cash flows from the asset expire, or the Company no longer retains substantially all the risks and rewards of ownership.

Impairment of financial assets measured at amortized cost
The Company's financial assets subject to impairment are trade and other receivables and bridge loan

receivable. The Company has elected to apply the simplified approach to impairment for amounts receivable as permitted by IFRS 9, which requires the expected lifetime loss to be recognized at the time of initial recognition of the receivable. To measure estimated credit losses, these amounts receivable have been grouped based on shared credit risk characteristics, including the number of days past due. An impairment loss is reversed in subsequent periods if the amount of the expected loss decreases and the decrease can be objectively related to an event occurring after the initial impairment was recognized.

(b) Financial liabilities

Initial recognition and measurement
Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL as is the case for held for trading or derivative instruments, or the Company has opted to measure the financial liability at FVTPL. All financial liabilities are recognized initially at fair value.

Subsequent measurement – financial liabilities at amortized cost
After initial recognition, financial liabilities measured at amortized cost are subsequently measured at the end of each reporting period at amortized cost using the EIR method. Amortized cost is calculated by taking into account any discount or premium on acquisition and any fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statement of loss and comprehensive loss. The Company classifies its accounts payable and accrued liabilities, promissory note payable, demand loans and financial liability – Series A preferred shares as measured at amortized cost.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired with any associated gain or loss recognized in the consolidated statement of loss and comprehensive loss.

(c) Fair value of financial instruments

The Company measures fair value in accordance with IFRS 13 Fair Value Measurement, which provides a single source of fair value measurement guidance. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company has applied the framework for measuring fair value, which requires a fair value hierarchy to be applied to all fair value measurements:

- Level 1 – valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities.
- Level 2 – valuation techniques based on inputs that are quoted prices of similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; inputs other than quoted prices used in a valuation model that are observable for that instrument; and inputs that are derived from or corroborated by observable market data by correlation or other means. Level 2 financial instruments includes financial liability – Series A preferred shares.
- Level 3 – valuation techniques with significant unobservable market inputs. Level 3 financial instruments include investments.

The fair value of cash and cash equivalents, short-term investments, trade and other receivables, accounts payable and accrued liabilities, and promissory note payable approximate their carrying amounts due to their short-term nature. The Company's policy is to recognize transfers in and out of the fair value hierarchy as of the date of the event or change in circumstances that caused the transfer. There were no such transfers during the period. For more complex instruments including Level 3 investments the Company uses recognized valuation models.

Private company investments

At the end of each reporting period, the fair value of an investment may be adjusted, depending upon circumstances, using one or more of the valuation indicators. These are included in Level 3 of the fair value hierarchy.

The determination of fair value of the Company's privately held investments at other than initial cost, is subject to certain limitations. Financial information for private companies in which the Company has investments may not be available and, even if available, that information may be limited and/or unreliable.

The use of the various valuation techniques, including comparative recent financing and other market-based information, may involve uncertainties and determinations based on management's judgment and any value estimated from these techniques may not be realized or realizable.

Company-specific information is considered when determining fair value whether the fair value of a privately held investment should be adjusted upward or downward at the end of each reporting period. In addition to company-specific information, the Company will also consider trends in general market conditions and the share performance of comparable publicly traded companies when valuing privately held investments.

Adjustments to the fair value of a privately-held investment will be based upon management's judgment and any value estimated may not be realized or realizable. The resulting values for non-publicly traded investments may differ from values that would be realized if a ready market existed.

Share-Based Compensation

Where equity-settled share options are awarded to employees, directors and officers, the fair value of the options at the date of grant is charged to the consolidated statement of loss and comprehensive loss over the vesting period. Fair value is calculated using the Black-Scholes model.

Where equity instruments are granted to non-employees, they are recorded at the fair value of the goods or services received in the consolidated statement of loss and comprehensive loss, unless they are related to the issuance of shares. Amounts related to the issuance of shares are recorded as a reduction of share capital. When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a valuation model.

Share Capital

The Company records proceeds from share issuances net of issue costs and any tax effects in share capital. Shares issued for consideration other than cash are valued based on their market value at the date of the share issuance.

Revenue Recognition

The Company principally generates revenue from advisory fees charged to certain of its investees. Revenue from advisory services are recognized over the period in which the services are provided. Revenue is measured at the fair value of the consideration received or receivable.

Purchases and sales of investments are recognized on the settlement date. Realized gains and losses on disposals of investments and unrealized gains and losses in the value of investments are reflected in the consolidated statement of loss and comprehensive loss.

Upon disposal of an investment, previously recognized unrealized gains or losses are reversed to recognize

the full realized gain or loss in the period of disposition. All transaction costs associated with the acquisition and disposition of investments are expensed to the consolidated statement of loss and comprehensive loss as incurred.

Dividend income is recorded on the ex-dividend date and when the right to receive the dividend has been established.

Income Taxes

Income tax on the profit or loss for the period presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly into equity, in which case it is recognized in equity.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the country where the Company operates and generates taxable income.

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset if a legally enforceable right exists and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Loss Per Share

Loss per share is calculated using the weighted-average number of common shares outstanding. The weighted average is calculated based on the number of days outstanding during the reporting periods.

Diluted loss per share is determined as net loss divided by the weighted average number of diluted common shares outstanding for the period. Diluted common shares reflect the potential dilutive effect of exercising stock options or warrants based on the treasury stock method.

Changes in 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 consolidated financial statements. The Company did not have any contracts under IFRS 15 during the fifteen months ended December 31, 2020.

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 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.

Future 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.

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.

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.

General

The Company is in the business of investing in public and private companies with the objective of enhancing the value of the investee companies through augmentation of the investee's management team, management process, acquisitions and/or mergers, which is a highly speculative endeavour. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by Persons who can afford a total loss of their investment. Prospective investors should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any securities.

Dependence on Key Personnel

The success of the Company will be largely dependent on the abilities, experience, efforts and industry knowledge of its directors and senior officers. The long-term loss of the services of any of these persons for any reason could have a material adverse effect on the Company's business, financial condition, and results of operations or future prospects. There can be no assurance that the Company can maintain the services of its directors or senior officers required to operate its business, and any failure to do so could have a material adverse effect on its business, financial condition, results of operations and future prospects.

Cash Flows and Revenue

The Company generates revenue and cash flows primarily from income from financial advisory services and, dividend and proceeds from the disposition of its investments. The availability of these sources of funds and the amount of funds generated from these sources are dependent upon various factors, most of which are outside of the Company's direct control. The Company's liquidity and operating results may be adversely affected if access to the capital markets is hindered, whether as a result of a downturn in the market conditions generally or to matters specific to the Company, or if the value of the Company's investments decline, resulting in lesser proceeds of disposition and capital losses for the Company upon disposition.

Investments Portfolio Exposure

Given the nature of the Company's activities, its results of operations and financial condition are dependent upon the market value of securities that comprise the Company's investments portfolio. Magnetic North invests primarily in small companies which the Company believes exhibit potential for growth and sustainable cash flows, but which may not ever mature or generate returns the Company expects or may require a number of years to do so.

Investments in private companies may offer relatively high potential returns, but will also be subject to a relatively high degree of risk. Private company investments are subject to various risks, particularly the risk that the Company will be unable to realize the Company's investments objectives by sale or other disposition at attractive prices or otherwise be unable to complete any exit strategy.

Ability to Access Public and Private Capital

In order to execute the anticipated growth strategy, the Company will require some additional equity to support its continuing operations, or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Company when needed or on terms, which are acceptable. The Company's inability to raise financing to support ongoing operations or to fund acquisitions could limit the Company's growth and may have a material adverse effect upon future profitability. The Company may require additional financing to fund its operations to the point where it is generating positive cash flows.

Possible Volatility of Stock Price

Securities markets throughout the world are cyclical and, over time, tend to undergo high levels of price and volume volatility. A publicly-traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Company's common shares and series A preferred shares will trade cannot be predicted. The market price of the Company's securities could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the results of any public announcements the Company makes, general economic conditions, and other factors. Increased levels of volatility and resulting market turmoil may adversely impact the price of the Company's securities. If the Company is required to access capital markets to carry out its development objectives (as is expected), the state of domestic and international capital markets and other financial systems could affect its respective access to, and cost of, capital. Such capital may not be available on terms acceptable to the Company or at all, and this could have a material adverse impact on its business, financial condition, results of operations or prospects.

Dilution

The Company will be authorized to issue an unlimited number of Company's common shares and series A preferred shares or other securities for such consideration and on such terms and conditions as may be established by the Company, without the approval of Company's Shareholders. In addition, it is currently anticipated that the Company will be required to conduct additional equity financings to develop the business of the Company and envisioned by management of the Company. Any further issuance of Company Shares pursuant to such equity financings may further dilute the interests of existing shareholders.

Impact of Quarterly and Annual Financial Reporting

There can be no assurance that the Company will be profitable on a quarterly or annual basis. The investees' business strategies may not be successful. As a reporting company, the Company will be

required to report financial results on an annual and quarterly basis. If its business is not profitable, the Company's share price may decline.

Public Health Crisis

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 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.

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 the Company. Such Forward-Looking Statements involve known and unknown risks and uncertainties that may cause the Company's 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 the Company's future outlook and anticipated events or results and may include statements regarding Company's future business strategy, plans and objectives. The Company has 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 the 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.