MAGNETIC NORTH ACQUISITION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2022 AND 2021

(EXPRESSED IN CANADIAN DOLLARS)

Notice to Reader

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

Magnetic North Acquisition Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at September 30, 2022	As at December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	**$ 165**	$ 38
Short-term investments (note 3)	**27,400**	27,400
Trade and other receivables	**29,074**	17,977
Advances to investees (note 4)	**619,191**	601,451
Prepaids and other current assets	**2,448**	24,595
Total current assets	**678,278**	671,461
Non-current assets		
Investments - fair value through profit or loss (note 6)	**9,259,265**	4,259,265
Property, plant and equipment (note 7)	**723**	2,895
Mineral claims (note 8)	**1**	1
Exploration and evaluation assets (note 9)	**1**	1
Other assets (note 10)	**308,668**	308,668
Total assets	**$ 10,246,936**	$ 5,242,291
LIABILITIES AND SHAREHOLDERS' DEFICIENCY		
Current liabilities		
Accounts payable and accrued liabilities (note 11)	**$ 1,135,422**	$ 924,023
Promissory note payable	**176,984**	176,984
Subscription receipts	**75,000**	-
Total current liabilities	**1,387,406**	1,101,007
Non-current liabilities		
Asset retirement obligation (note 12)	**183,146**	182,576
Financial liability - Series A preferred shares (note 13)	**17,404,749**	17,044,718
Total liabilities	**18,975,301**	18,328,301
Shareholders' deficiency		
Common shares (note 14)	**29,083,903**	29,083,903
Warrants (note 15)	**1,088,072**	894,266
Contributed surplus	**3,501,629**	3,284,907
Accumulated deficit	**(42,401,969)**	(46,349,086)
Total shareholders' deficiency	**(8,728,365)**	(13,086,010)
Total liabilities and shareholders' deficiency	**$ 10,246,936**	$ 5,242,291

Nature of operations and going concern (note 1)
Commitments (note 23)

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

Magnetic North Acquisition Corp.
Statements of Loss and Comprehensive Loss
(Expressed in Canadian dollars)
(Unaudited)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021 Restated (Note 22)	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021 Restated (Note 22)
Revenues				
Advisory fees	**$ -**	$ 285,524	**$ -**	$ 405,524
	-	285,524	**-**	405,524
Expenses				
Exploration and evaluation expenses	**$ 1,050**	$ 4,210	**$ 9,292**	$ 15,890
Selling, general and administrative (note 17)	**150,824**	255,905	**616,327**	788,464
Share-based compensation (note 16)	**52,210**	100,337	**216,722**	332,158
Depreciation	**724**	428	**2,172**	1,284
Total expenses	**204,808**	360,880	**844,513**	1,137,796
Loss before other items	**(204,808)**	(75,356)	**(844,513)**	(732,272)
Other items				
Accretion	**(190)**	(179)	**(570)**	(537)
Finance income, net	**-**	-	**10**	128
Share-based transaction costs	**-**	-	**(207,810)**	-
Fair value adjustment of investments (note 6)	**5,000,000**	-	**5,000,000**	-
Net and comprehensive income (loss) for the period	**$ 4,795,002**	$ (75,535)	**$ 3,947,117**	$ (732,681)
Net and comprehensive income (loss) per share - Basic and Diluted (note 18)	**$ 0.08**	$ (0.00)	**$ 0.07**	$ (0.01)
Weighted average number of common shares - Basic and Diluted (note 18)	59,097,178	59,054,177	59,097,178	59,051,105

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

Magnetic North Acquisition Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021 Restated (Note 22)
Operating activities		
Net income (loss) for the period	**$ 3,947,117**	$ (732,681)
Adjustments for:		
Depreciation	**2,172**	1,284
Accretion	**570**	537
Share-based compensation	**216,722**	332,158
Fair value adjustment of investments	**(5,000,000)**	-
Share-based transaction costs	**193,806**	-
Changes in non-cash working capital items:		
Trade and other receivables	**(11,097)**	(83,922)
Prepaid expenses and other current assets	**22,147**	19,991
Accounts payable and accrued liabilities	**211,399**	749,046
Net cash (used in) provided by operating activities	**(417,164)**	286,413
Investing activities		
Redemption of short-term investments	**-**	22,822
Advances from (to) investees	**(17,740)**	(464,443)
Net cash used in investing activities	**(17,740)**	(441,621)
Financing activities		
Proceeds from private placement	**360,031**	-
Proceeds from stock options exercised	**-**	38,240
Proceeds from subscription receipts	**75,000**	-
Net cash provided by financing activities	**435,031**	38,240
Net change in cash and cash equivalents	**127**	(116,968)
Cash and cash equivalents, beginning of period	**38**	123,680
Cash and cash equivalents, end of period	**$ 165**	$ 6,712

Magnetic North Acquisition Corp.
Statements of Changes in Shareholders' Deficiency
(Expressed in Canadian Dollars)
(Unaudited)

	Common Shares					
	Number (#)	Amount ($)	Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Deficiency
Balance, December 31, 2020	**59,051,105**	**$ 29,045,663**	**$ 164,400**	**$ 2,923,109**	**$ (43,239,597)**	**$ (11,106,425)**
Stock option exercised	46,073	38,240	-	-	-	38,240
Share-based compensation	-	-	-	332,158	-	332,158
Net and comprehensive loss for the period (restated)	-	-	-	-	(732,681)	(732,681)
Balance, September 30, 2021	**59,097,178**	**$ 29,083,903**	**$ 164,400**	**$ 3,255,267**	**$ (43,972,278)**	**$ (11,468,708)**
Balance, December 31, 2021	**59,097,178**	**$ 29,083,903**	**$ 894,266**	**$ 3,284,907**	**$ (46,349,086)**	**$ (13,086,010)**
Share-based compensation	-	-	-	216,722	-	216,722
Preferred share issue costs - warrants	-	-	193,806	-	-	193,806
Net and comprehensive loss for the period	-	-	-	-	3,947,117	3,947,117
Balance, September 30, 2022	**59,097,178**	**$ 29,083,903**	**$ 1,088,072**	**$ 3,501,629**	**$ (42,401,969)**	**$ (8,728,365)**

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

1. Nature of operations and going concern

Prior to October 22, 2019, Magnetic North Acquisition Corp. (the "Company" or "Magnetic North") (formerly Black Bull Resources Inc.) was in the business of mining, processing and marketing quartz from its White Rock claim in Nova Scotia, Canada. The Company also investigated the commercialization of its kaolin resource.

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. With the completion of the Transaction, the Company changed its primary business to merchant banking and changed its name to Magnetic North Acquisition Corp. Magnetic North is an investment and merchant banking company focused on creating shareholder value by providing strategic and financial advice and services to companies in the clean power technology, consumer products, manufacturing and information technology sectors.

The Company's common shares and Series A preferred shares trade on the TSXV under the symbol "MNC" and "MNC.PR.A", respectively. The Company 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 registered and head office is at 1000, 250 2nd Street SW, Calgary, Alberta.

These unaudited condensed interim financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, these unaudited condensed interim financial statements do not give effect to the adjustments that would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and meet its liabilities and commitments in other than the normal course of business and at amounts different from those in these unaudited condensed interim financial statements.

The Company continues to incur 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 current net and comprehensive loss of $(3,947,117) during the nine months ended September 30, 2022 (nine months ended September 30, 2021 - loss of $732,681) and has an accumulated deficit of $42,401,969 as at September 30, 2022 (December 31, 2021 - $46,349,086). In addition, the Company had working capital deficiency of $709,128 as at September 30, 2022 (December 31, 2021 - working capital deficiency of $429,546). Such material uncertainties cast significant 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 unaudited condensed interim 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.

Commencing in March 2020 and continuing throughout the quarter, the outbreak of the novel strain of coronavirus known as "COVID19" has 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 COVID19 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 financial results and condition of the Company and its operating subsidiaries in future periods.

2. Basis of presentation

Statement of compliance

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

The policies applied in these unaudited condensed interim financial statements are based on IFRS issued and outstanding as of November 29, 2022, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent audited financial statements as at and for the twelve months ended December 31, 2021, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending December 31, 2022 could result in restatement of these unaudited condensed interim financial statements.

Basis of measurement and presentation

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

Basis of consolidation

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Effective December 31, 2020, the Company's ownership of CXTL Recycling (Canada) Corp. ("CXTL") was reduced from 100% to 50% as a result of the sale of 50% ownership to Cirque Innovations Ltd. Due to the reduction in the Company's ownership, the Company ceased consolidating CXTL's results effective January 1, 2021.

Significant accounting judgments, estimates and new accounting policies

The preparation of these unaudited condensed interim 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 these unaudited condensed interim financial statements and their effect are disclosed in Note 2 of the Company's audited financial statements for the year ended December 31, 2021 and have been updated as necessary to address the Company's status as an investment entity, as discussed further below.

Investment Entity Status

The following are the criteria within IFRS 10 Consolidated Financial Statements, which the Company used to evaluate and determine that it meets the definition of an Investment Entity:

- Obtain funds from one or more investors for the purpose of providing those investor(s) with investment management services;
- Commits to its investor(s) that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
- Measures and evaluates the performance of substantially all its investments on a fair value basis.

2. Basis of presentation (continued)

Investment Entity Status (continued)

The Company has evaluated the above criteria and determined that it meets the definition of an Investment Entity. As a result of meeting the definition of an Investment Entity, subsidiaries which otherwise would have been consolidated are carried at fair value through profit or loss (“FVTPL”).

Management exercises judgment in applying criteria in IFRS 10 Consolidated Financial Statements, which determines the Company’s status as an investment entity.

3. Short-term investments

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, 2022, $27,400 (December 31, 2021 - $27,400) were held in guaranteed investment certificates as security.

4. Advances to investees

As per the terms of the Unanimous Shareholders Agreement ("USA") discussed in note 6, the Company is required to contribute capital to CXTL as part of its 50% ownership. During the nine months ended September 30, 2022, the Company provided capital to CXTL to cover its operating expenses. These advances have initially been categorized as advances to investee, rather than equity. The amount outstanding will eventually be converted into equity in CXTL and at that time will be used to increase the Company’s paid-up Capital of its shares in CXTL. As at September 30, 2022, the amount advanced to CXTL was $564,191 (December 31, 2021 - $576,451)

Previcare has also received advances to investee and those amounts will be converted into equity at some point in 2022. As at September 30, 2022, the amount advanced to Previcare was $55,000 (December 31, 2021 - $25,000).

5. Bridge loan receivable

On April 14, 2020, the Company entered into a loan agreement to provide Previcare, Inc. (“Previcare”) with a secured bridge loan ("Bridge Loan") of up to US$500,000. The Company provided $695,000, which is the equivalent of US$500,000, to Previcare with respect to the Bridge Loan. 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).

As at September 30, 2022, the Bridge Loan amount of $695,000 (December 31, 2021 - $695,000) remained outstanding with accrued interest of $66,509. As at September 30, 2022, the Company reported estimated credit losses of $695,000 and $66,509 for the principal and interest, respectively (December 31, 2021 - $695,000 and $66,509, respectively).

(Expressed in Canadian Dollars)

6. Investments

The following chart lists the investments carried at FVTPL as at September 30, 2022:

	September 30, 2022		December 31, 2021	
Investments	**Cost**	**Fair Value**	Cost	Fair Value
CXTL Recycling (Canada) Corp. (115,592 common shares - 50%)	**$ 11,549,210**	**$ 4,259,265**	$ 11,549,210	$ 4,259,265
Previcare, Inc. (1,600,000 common shares - 32%)	**-**	**5,000,000**	-	-
Private company investments - FVTPL	**$ 11,549,210**	**$ 9,259,265**	$ 11,549,210	$ 4,259,265

The Company also held shares in the following companies that the fair value were adjusted to zero at initial recognition: Previcare Inc. 1.6 million shares representing 32% of the common shares, Ignite Alliance Corp. 50,000 shares representing less than 1% of the common shares, Power Symmetry 400,000 shares representing 40% of the common shares, and GrowthCell Global 335,000 common shares representing less than 1.5 % of the common shares. The loss resulted from this fair value adjustment in 2020 was $5,217,000, which is included in fair value adjustment of investments on the restated Statements of Loss and Comprehensive Loss for the year ended December 31, 2020.

During the fall of 2019, the Company and Cirque Innovations Ltd. ("Cirque") agreed in principle to jointly work together on Cirque's technology on a 50/50 basis. In April 2020, the Company entered into an exclusive sale and usage agreement with Cirque Innovations Ltd. ("Cirque") for the exclusive world-wide right for CXTL Recycling (Canada) Corp. ("CXTL") to use in their recycling 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 ("USA") 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. Magnetic North and Cirque executed the USA, effective December 31, 2020, as per the terms of the sale and usage agreement to provide each party with a 50% equity ownership into CXTL.

The Company's management review and approve the valuation results of all investments in the portfolio based on all observable and unobservable inputs. The Company will also engage an independent valuation firm to perform an independent valuation in situations where it requires additional expertise. The valuation results are reviewed with the audit committee as part of its quarterly approval of the Company's financial statements.

As at September 30, 2022, all of the Company's investments are unlisted equity instruments and are categorized as Level 3 financial instruments. These 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, these investments are valued using the most appropriate valuation methodology in light of the nature, facts and circumstances of the investment. Investments in early-stage companies not generating sustainable revenue or earnings and for which there has not been any recent independent funding, which represents 100% of the Company's current portfolio, 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 Company may apply a further illiquidity discount to the fair value of an investment if conditions exist that could make it challenging to monetize the investment in the near term at a price indicated by the valuation models. The amount of illiquidity discount applied requires considerable judgment and is based on the facts and circumstances of each investment. 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.

(Expressed in Canadian Dollars)

6. Investments (continued)

As at September 30, 2022, based on management's fair value assessment of its investment in CXTL, the Company reported the fair value to be $4.3 million (December 31, 2021 - $4.3 million). An adjusted cost approach with reference to the original purchase price of the company and updated share pricing for the consideration rendered in further transactions entered into by the Company for CXTL has been used for this purpose. This has resulted in use of an implied discount of 65%. As at September 30, 2022, based on management's fair value assessment of its investment in Previcare, the Company reported the fair value to be $5.0 million (December 31, 2021 - $nil). Investments other than CXTL and Previcare, however, have been assessed to have $nil fair value as at September 30, 2022 (December 31, 2021 - $nil).

7. Property, plant and equipment

Cost	Water Treatment Equipment	Treatment Building	Site Improvements	Computer Hardware	Total
December 31, 2020, December 31, 2021 and September 30, 2022	**$ 107,872**	**$ 105,822**	**$ 216,210**	**$ 5,136**	**$ 435,040**
Accumulated depreciation					
December 31, 2020	**$ 107,871**	**$ 105,821**	**$ 216,209**	**$ 532**	**$ 430,433**
Depreciation	-	-	-	1,712	1,712
December 31, 2021	**107,871**	**105,821**	**216,209**	**2,244**	**432,145**
Depreciation	-	-	-	2,172	2,172
September 30, 2022	**$ 107,871**	**$ 105,821**	**$ 216,209**	**$ 4,416**	**$ 434,317**
Carrying value					
At December 31, 2021	**$ 1**	**$ 1**	**$ 1**	**$ 2,892**	**$ 2,895**
At September 30, 2022	**$ 1**	**$ 1**	**$ 1**	**$ 720**	**$ 723**

8. Mineral claims

This represent the mineral claims on the Company's wholly owned White Rock property (the "Property") located in Yarmouth County, Nova Scotia.

	As at September 30, 2022	As at December 31, 2021
Cost, beginning and end of period	**$ 972,183**	$ 972,183
Accumulated depletion, beginning and end of period	**(14,381)**	(14,381)
Accumulated impairment, beginning and end of period	**(957,801)**	(957,801)
Accumulated depletion and impairment, beginning and end of period	**(972,182)**	(972,182)
Carrying value end of period	**$ 1**	$ 1

In February 2021, the Company incorporated Bluenose Quartz Ltd. ("Bluenose"), a Nova Scotia corporation, to commence the process of transferring the mine assets in Nova Scotia to this new entity. There was no activity in Bluenose during the nine months ended September 30, 2022.

(Expressed in Canadian Dollars)

9. Exploration and evaluation assets

This represent the exploration and evaluation assets on the Company's wholly owned Property located in Yarmouth County, Nova Scotia.

	As at September 30, 2022	As at December 31, 2021
Cost, beginning and end of year	**$ 2,994,903**	$ 2,994,903
Accumulated depletion, beginning and end of year	**(48,659)**	(48,659)
Accumulated impairment, beginning and end of year	**(2,946,243)**	(2,946,243)
Accumulated depletion and impairment, beginning and end of year	**(2,994,902)**	(2,994,902)
Carrying value end of year	**$ 1**	$ 1

10. Other assets

Other assets consists of funds held under the National Resources Reclamation Fund by the Province of Nova Scotia relating to the White Rock quartz mine located in Yarmouth County, Nova Scotia of $308,668 (December 31, 2021 - $308,668).

11. Accounts payable and accrued liabilities

	As at September 30, 2022	As at December 31, 2021
Trade accounts payables	**$ 591,798**	$ 413,901
Accrued liabilities	**179,090**	190,588
Deposits(1)	**364,534**	319,534
	$ 1,135,422	$ 924,023

(1) Deposits relate to prepayment of fees received relating to a transaction that is pending finalization of terms and conditions.

(Expressed in Canadian Dollars)

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 for the White Rock quartz mine every three years. The reclamation plan was updated in November 2020 using currently acceptable unit costs and information reflective of current site conditions and disturbed areas. The total revised undiscounted cost is $178,996.

The following table presents the reconciliation of the carrying amount of the liability associated with the reclamation of the Company's property:

	As at September 30, 2022	As at December 31, 2021
Opening balance	**$ 182,576**	$ 190,872
Accretion	**570**	716
Effect of change in estimates	**-**	(9,012)
	$ 183,146	$ 182,576

13. Financial liability - Series A preferred shares

(i) Series A preferred shares issued

	Number of preferred shares	Amount
Balance, December 31, 2020	**1,607,663**	**$ 16,044,710**
Private placement(1)	105,264	1,000,008
Share issue costs(2)	-	(745,616)
Total share issue costs expensed to share-based transaction costs	-	745,616
Balance December 31, 2021	**1,712,927**	**17,044,718**
Private placement(3)	37,898	360,031
Share issue costs(4)	-	(207,810)
Total share issue costs expensed to share-based transaction costs	-	207,810
Balance, September 30, 2022	**1,750,825**	**$ 17,404,749**

(1) Private placement of 105,264 Units at $9.50 per Unit completed during December 2021. Each Unit consisted of one Series A preferred shares and one Series A preferred share purchase warrant. Each warrant entitles the holder to purchase one additional Series A preferred share at a price of $10.00 per share during the period ending on the fifth anniversary of the closing date of the Financing. The warrants will have an acceleration provision whereby, in the event the 10 day weighted average trading price of the Series A preferred shares on the TSXV exceeds $20.00 at any time, the Company will have the right to accelerate the expiry date of the warrants to 30 days from the date of issuance of a news release of the Company announcing the accelerated exercise period.

The issue date fair value of the warrants was estimated at $729,866 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 142%; risk-free interest rate of 1.41% and an expected life of 5 years.

13. Financial liability - Series A preferred shares (continued)

(2) Share issue costs consists of warrants issued relating to the December 2021 private placement.

(3) Private placement of 37,898 Units at $9.50 per Unit completed during April 2022. Each Unit consisted of one Series A preferred shares and one Series A preferred share purchase warrant. Each warrant entitles the holder to purchase one additional Series A preferred share at a price of $10.00 per share during the period ending on the fifth anniversary of the closing date of the Financing. The warrants will have an acceleration provision whereby, in the event the 10 day weighted average trading price of the Series A preferred shares on the TSXV exceeds $20.00 at any time, the Company will have the right to accelerate the expiry date of the warrants to 30 days from the date of issuance of a news release of the Company announcing the accelerated exercise period.

The issue date fair value of the warrants was estimated at $193,806 using the Black-Scholes option pricing model with the following assumptions: expected dividend yield of 0%; expected volatility of 138%; risk-free interest rate of 2.74% and an expected life of 5 years.

(4) Share issue costs consists of warrants issued relating to the April 2022 private placement.

(ii) Dividends paid

As at September 30, 2022, dividend not yet declared totaled $532,162 with respect to the quarters ended September 30, 2020, December 31, 2020, and March 31, 2021.

(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.

The Company’s series A preferred shares have been classified as a financial liability as the Company has a contractual obligation to deliver cash to the holders of Series A preferred shares. As these Series A preferred shares are perpetual, their fair value is $17,404,749 as at September 30, 2022 (December 31, 2021 - $17,044,718).

As at September 30, 2022, there were 15,000 Series A preferred shares held in escrow (December 31, 2021 - 30,000). The release term for the 15,000 of the Series A preferred shares is 15% every six months until the final release in October 2022. The release terms for the remaining 15,000 Series A preferred shares is 15,000 in October 2022.

(Expressed in Canadian Dollars)

14. Share capital

a) Authorized share capital

The authorized share capital of the Company consists of an unlimited number of common shares without par value.

b) Common shares issued

	Number of common shares	Amount
Balance, December 31, 2020	**59,051,105**	**$ 29,045,663**
Stock options exercised (i)	46,073	38,240
Balance, September 30, 2021	**59,097,178**	**$ 29,083,903**
Balance, December 31, 2021 and September 30, 2022	**59,097,178**	**$ 29,083,903**

(i) During the nine months ended September 30, 2021, 46,073 stock options to acquire common shares with a strike price of $0.10 were exercised for total proceeds of $38,240.

As at September 30, 2022, there were 6,300,000 common shares held in escrow (December 31, 2021 – 12,600,000). The release term for these common shares is 15% every six months until the final release in October 2022.

15. Warrants

	Number of warrants	Grant date fair value
Balance, December 31, 2020 and September 30, 2021	**300,000**	**$ 164,400**
Balance, December 31, 2021	**405,264**	**$ 894,266**
Issued (note 13(i)[(3)])	37,898	193,806
Balance, September 30, 2022	**443,162**	**$ 1,088,072**

Expiry date	Exercise price ($)	Number of warrants outstanding	Grant date fair value ($)
October 28, 2025	0.70	300,000	164,400
December 6, 2026	10.00	105,264	729,866
April 20, 2027	10.00	37,898	193,806
		443,162	**1,088,072**

(Expressed in Canadian Dollars)

16. Stock options

The Company has an omnibus long-term incentive plan (the “Omnibus Plan”) which was approved by the Board of Directors and by its shareholders at the annual and special meeting of shareholders held on November 10, 2020. The Omnibus Plan was adopted as a means to grant options, restricted share units, deferred share units, share appreciation rights and retention awards to directors, officers, senior executives, other employees of the Company, consultants and other service providers to incentivize them to continue their services for the Company and to align their interests with those of the Company. The maximum number of shares which may be reserved for issuance under the Omnibus Plan may not exceed 10% of the issued and outstanding common and Series A preferred shares as at the time of grant. 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 reflects the continuity of stock options for the periods presented:

	Number of stock options	Weighted average exercise price ($)
Balance, December 31, 2020	**4,540,000**	**0.44**
Exercised (note 14(b)(i))	(46,073)	0.83
Forfeited	(300,000)	0.65
Balance, September 30, 2021	**4,193,927**	**0.42**
Balance, December 31, 2021	**3,943,927**	**0.40**
Granted	512,500	0.34
Balance, September 30, 2022	**4,456,427**	**0.40**

The weighted average grant date fair value of options granted during the nine months ended September 30, 2022 has been estimated between $0.121 - $5.137 per option using Black-Scholes option pricing model. The Company has applied the following assumptions in determining fair value of options granted during the following periods:

	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Weighted average exercise price per option	$0.34	N/A
Risk-free interest rate	1.68%	N/A
Expected volatility	104%	N/A
Weighted average expected life	5.00	N/A
Forfeiture rate	N/A	N/A
Weighted average fair value per option	$0.243	N/A

For the three and nine months ended September 30, 2022, the Company reported share-based compensation expense of $52,210 and $216,722, (three and nine months ended September 30, 2021 - $100,337 and $332,158).

(Expressed in Canadian Dollars)

16. Stock options (continued)

The following table reflects the stock options issued and outstanding as of September 30, 2022:

Expiry date	Exercise price ($)	Weighted average remaining contractual life (years)	Number of options outstanding	Grant date fair value ($)	Number of options vested (exercisable)
December 2, 2024	0.10	2.18	1,750,000	241,500	1,312,500
February 10, 2025	0.1575	2.37	400,000	64,000	300,000
May 26, 2025	0.83	2.65	843,927	517,327	621,427
July 14, 2025	0.64	2.79	350,000	165,550	300,000
August 24, 2025	0.65	2.90	50,000	24,000	37,500
October 9, 2025	0.72	3.03	150,000	88,650	75,000
October 28, 2025	0.70	3.08	300,000	164,400	150,000
November 5, 2025	0.79	3.10	100,000	61,900	50,000
January 20, 2027	0.175	4.31	500,000	60,500	125,000
January 20, 2027	7.00	4.31	12,500	64,213	3,125
	0.40	**2.70**	**4,456,427**	**1,452,040**	**2,974,552**

17. Selling, general and administrative

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021	Nine Months Ended September 30, 2022	Nine Months Ended September 30, 2021
Consulting fees (note 20)	**$ 82,624**	$ 90,143	**$ 254,913**	$ 252,893
Professional fees	**37,652**	80,182	**90,325**	161,066
Investor relations	**5,150**	15,150	**30,900**	46,338
Salaries and benefits	**19,298**	33,906	**150,910**	229,807
Office and general	**12,280**	27,066	**46,581**	58,178
Travel expenses	**-**	1,845	**2,162**	3,145
Regulatory fees	**(6,180)**	7,613	**40,536**	37,037
	$ 150,824	$ 255,905	**$ 616,327**	$ 788,464

(Expressed in Canadian Dollars)

18. Loss per share

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Loss for the period	**$ 4,795,002**	$ (75,535)	**$ 3,947,117**	$ (732,681)
Weighted average number of common shares	**59,097,178**	59,051,105	**59,097,178**	59,054,177
Basic and diluted loss per share	**$ 0.08**	(0.00)	**0.07**	(0.01)

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.

For the three and nine months periods ended September 30, 2022 and 2021, 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.

19. 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.

20. 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.

	Three Months Ended September 30, 2022	2021	Nine Months Ended September 30, 2022	2021
Consulting fees	**$ 79,775**	$ 90,143	**$ 246,895**	$ 248,243
Share-based compensation	**20,341**	-	**89,361**	-
Salaries and benefits	**12,000**	-	**122,000**	-
	$ 112,116	$ 90,143	**$ 458,256**	$ 248,243

As at September 30, 2022, the Company recorded a prepayment of $nil (December 31, 2021 - $13,718) for consulting fees for the Company’s two Co-Chief Executive Officers. As at September 30, 2022, the Company recorded accounts payable and accruals of $148,113 (December 31, 2021 - $nil) for consulting fees for the Company’s officers.

(Expressed in Canadian Dollars)

20. Related party transactions (continued)

Investments in companies with common management personnel

As at September 30, 2022, the Company held investment positions in the following issuers with common officers and directors:

Entity	Type of Investment	Holdings (#)		Fair Value
CXTL Recycling (Canada) Corp.[(1)]	Common shares	115,592 shares	$	4,259,265
Previcare, Inc.[(2)]	Common shares	1,600,000 shares		5,000,000
Ignite Alliance Corp.[(3)]	Common shares	50,000 shares		-
			$	**9,259,265**

[(1)] Andrew Osis, Co-Chief Executive Officer of the Company, is also the Executive Chairman of CXTL and Ian Wild, Director of the Company is also a Director of CXTL.

[(2)] Kevin Spall, Co-Chief Executive Officer of the Company, is also the Treasurer/VP and a Director of Previcare, Inc.

[(3)] Andrew Osis, Co-Chief Executive Officer of the Company, is also the Chief Financial Officer of Ignite Alliance Corp.

21. 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:

(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 advisory fees. 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 September 30, 2022, the Company had cash of $165 (December 31, 2021 - $38) to settle current liabilities of $1,387,406 (December 31, 2021 - $1,101,007). 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.

21. Financial instruments and financial risk management (continued)

(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 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 values of cash and cash equivalents, short-term investments, trade and other receivables, advances to investees, accounts payable and accrued liabilities, and promissory note payable included in the 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 period ended September 30, 2022.

(Expressed in Canadian Dollars)

22. Restatement for prior period

During 2021, the Company reviewed the criteria with IFRS 10 Consolidation Financial Statements for qualification as an investment entity and determined that it met this criteria and considers itself an investment entity for both years ended December 30, 2020 and 2021. Accordingly, the Company shall measure its investment in subsidiary (in this case CXTL Recycling (Canada) Corp. ("CXTL")) at fair value through profit or loss in accordance with IFRS 9.

Effect on the statement of financial position as at September 30, 2021:

	As previously reported	Adjustment	Restated
ASSETS			
Current assets			
Cash and cash equivalents	$ 6,712	$ -	$ 6,712
Short-term investments	27,400	-	27,400
Trade and other receivables	355,044	(212,661)	142,383
Advances to investees	464,443	-	464,443
Prepaids and other current assets	14,628	-	14,628
Total current assets	868,227	(212,661)	655,566
Non-current assets			
Investments - fair value through profit or loss	5,724,874	(1,465,609)	4,259,265
Property, plant and equipment	3,323	-	3,323
Mineral claims	1	-	1
Exploration and evaluation assets	1	-	1
Other assets	304,966	-	304,966
Total assets	$ 6,901,392	$ (1,678,270)	$ 5,223,122
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current liabilities			
Accounts payable and accrued liabilities	$ 1,241,663	$ -	$ 1,241,663
Promissory note payable	176,984	-	176,984
Total current liabilities	1,418,647	-	1,418,647
Non-current liabilities			
Asset retirement obligation	191,409	-	191,409
Financial liability - Series A preferred shares	16,044,710	-	16,044,710
Total non-current liabilities	16,236,119	-	16,236,119
Total liabilities	17,654,766	-	17,654,766
Shareholders' deficiency			
Common shares	29,083,903	-	29,083,903
Warrants	164,400	-	164,400
Contributed surplus	3,255,267	-	3,255,267
Accumulated deficit	(43,256,944)	(1,678,270)	(44,935,214)
Total shareholders' deficiency	(10,753,374)	(1,678,270)	(12,431,644)
Total liabilities and shareholders' deficiency	$ 6,901,392	$ (1,678,270)	$ 5,223,122

(Expressed in Canadian Dollars)

22. Restatement for prior period (continued)

Effect on statement of loss and comprehensive loss for the three months ended September 30, 2021 is as follows:

	As previously reported	Adjustment	Restated
Revenue			
Advisory fees	285,524	-	285,524
Expenses			
Exploration and evaluation (recovery) expenses	4,210	-	4,210
Selling, general and administrative	255,905	-	255,905
Share-based compensation	100,337	-	100,337
Depreciation	428	-	428
Total expenses	360,880	-	360,880
Loss before other items	(75,356)	-	(75,356)
Other items			
Accretion	(179)	-	(179)
Net and comprehensive loss for the period	$ (75,535)	$ -	$ (75,535)
Net and comprehensive loss per share - Basic and Diluted	$ (0.00)	$ 0.00	$ (0.00)
Weighted average number of common shares - Basic and Diluted	59,097,178	59,075,951	59,075,951

(Expressed in Canadian Dollars)

22. Restatement for prior period (continued)

Effect on statement of loss and comprehensive loss for the nine months ended September 30, 2021 is as follows:

	As previously reported	Adjustment	Restated
Revenue			
Advisory fees	405,524	-	405,524
Expenses			
Exploration and evaluation (recovery) expenses	15,890	-	15,890
Selling, general and administrative	788,464	-	788,464
Share-based compensation	332,158	-	332,158
Depreciation	1,284	-	1,284
Total expenses	1,137,796	-	1,137,796
Loss before other items	(732,272)	-	(732,272)
Other items			
Accretion	(537)	-	(537)
Finance income, net	128	-	128
Loss on disposal of subsidiary	(962,936)	962,936	-
Net and comprehensive loss for the period	$ (1,695,617)	$ 962,936	$ (732,681)
Net and comprehensive loss per share - Basic and Diluted	$ (0.03)	$ 0.02	$ (0.01)
Weighted average number of common shares - Basic and Diluted	59,083,105	59,083,105	59,083,105

(Expressed in Canadian Dollars)

22. Restatement for prior period (continued)

Effect on statement of cash flows for the nine months ended September 30, 2021 is as follows:

	As previously reported	Adjustment	Restated
Operating activities			
Net loss for the period	$ (1,695,617)	$ 962,936	$ (732,681)
Adjustments for:			
Depreciation	1,284	-	1,284
Accretion	537	-	537
Share-based compensation	332,158	-	332,158
Loss on disposal of subsidiary	962,936	(962,936)	-
Changes in non-cash working capital items:			
Trade and other receivables	(296,583)	212,661	(83,922)
Prepaid expenses and other current assets	19,991	-	19,991
Accounts payable and accrued liabilities	1,059,384	(310,338)	749,046
Net cash provided by operating activities	384,090	(97,677)	286,413
Investing activities			
Redemption of short-term investments	22,822	-	22,822
Advances to investees	(464,443)	-	(464,443)
Disposal of subsidiary	(97,677)	97,677	-
Net cash used in investing activities	(539,298)	97,677	(441,621)
Financing activities			
Proceeds from stock options exercised	38,240	-	38,240
Net cash provided by financing activities	38,240	-	38,240
Net change in cash and cash equivalents	(116,968)	-	(116,968)
Cash and cash equivalents, beginning of period	123,680	-	123,680
Cash and cash equivalents, end of period	$ 6,712	$ -	$ 6,712

23. Commitments

Legal matters

From time to time, the Company becomes party to legal proceedings in the normal course of business. At June 30, 2022, there was one claim (2021 – one claim) 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 September 30, 2022. 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.

24. Other events

On January 15, 2020, the Company 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”). During the year ended December 31, 2021, the Company commenced the transfer paperwork to effect the transfer of the Mining assets into Bluenose Quartz Ltd., a wholly-owned subsidiary. The transfer paperwork is currently being reviewed by the Province of Nova Scotia. The Company is currently in discussion with ICML to improve the terms of this Offer.