



MAGNETIC NORTH ACQUISITION CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND TWELVE MONTHS ENDED DECEMBER 31, 2022

(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 September 20, 2023, should be read in conjunction with our 2022 audited annual financial statements and accompanying notes.

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"). Additional information relating to the Company, including the annual and quarterly financial statements and MD&A, is available on SEDAR at www.sedar.com.

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 twelve months ended December 31, 2022.

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 September 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 TSXV Policy 5.2) transaction (the "Transaction") within the meaning of such terms in the policies of the TSXV. Under the Transaction, the Company acquired certain shareholdings (the "PurchasedAssets") 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, the Company changed its primary business to an investment entity comprised of a team of highly experienced professionals in finance and strategy. Magnetic North is primarily focused on investing in the following industries; clean power technology, oilfield services, consumer products, and technology (software and hardware).

In furtherance of the Company's new business objective, the following criteria is utilized to assess potential investment opportunities:

- (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) cash flow positive, or close thereto, and through improvements to structure, operations or consolidation, cash flow can be positively impacted to 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.

Status as an Investment Entity

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; and
- 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.

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").

Operational Highlights

- On January 10, 2022, the Company announced the appointment of Robert Purdy as a special advisor to Magnetic North.
- On January 20, 2022, the Company granted to certain consultants of the Company options to acquire an aggregate of up to 500,000 common shares and 12,500 preferred shares of the Company at an exercise price of \$0.175 for the common shares, and at an exercise price of \$7.00 for the preferred shares and expiring on January 20, 2027.
- On January 27, 2022, Ignite Alliance Corp. ("Ignite"), a Magnetic North portfolio company, acquired Calgary, Alberta based information technology firm NBI Solutions. According to Ignite management's internal projections, revenues are expected to increase to approximately \$20 million for the fiscal year ending December 31, 2022, up from approximately \$11.6 million in the previous year.
- On April 22, 2022, the Company completed a private placement of 37,898 units for gross proceeds of \$360,031. Each unit was comprised of one Series A preferred share and one Series A preferred share purchase warrant, with each warrant will entitling the holder thereof 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 (or such other stock exchange on which the Series A preferred shares may then be listed and posted for trading) 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.
- On May 6, 2022, the Company was granted by the Alberta Securities Commission ("ASC"), Management Cease Trade Order ("MCTO"), as a result of the Company being late to file its annual financials. On June 27, 2022, the Company filed its December 31, 2021 annual financials and the March 31, 2022 financial statements. On July 6, 2022, the ASC removed the MCTO.

Magnetic North Acquisition Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended December 31, 2022
Discussion dated: September 20, 2023

- On June 9 2022, the Company decided to restate its financial statements for the year ended December 31, 2020. The decision to restate followed a review conducted by the Company's new auditor and management's consideration of the application of IFRS 10 for the Company's investment companies, wherein it was determined that the consolidation of investment in CXTL Recycling (Canada) Corp. included in the financial statements as well as the application of other accounting policies were not appropriate given that Magnetic North is an investment entity. The financials were restated and posted to SEDAR on June 27, 2022.
- On October 20, 2022, Magnetic North announced the unfortunate passing of one of the Company's non-executive directors, John Kowal.
- On March 23, 2023, the Company announced the addition of Lance McIntosh as Chief Financial Officer. Mr. McIntosh has over 45 years of experience in corporate financial reporting, audit and financial management in various industries including asset management, technology, pharmaceutical, merchant banking, and corporate finance.
- On May 2, 2023, Magnetic North announced a delay in filing of the Company's Annual Financial Statement and application for a Management Cease Trade Order during that period.
- On May 8, 2023, the Company announced the issuance of the Management Cease Trade Order by the Alberta Securities Commission ("ASC").
- On July 4, 2023, due to further delays in filing the Company's Annual Financial Statement, Magnetic North announced a Cease Trade Order ("CTO") by the ASC.
- On July 5 2023, as a result of the CTO, the Canadian Investment Regulatory Organization announced a temporary suspension (halt) in the trading of Magnetic North securities.

Investments

The Company's investment portfolio consisted of the following as at December 31, 2022:

Investments	Instrument	Financial Instrument Fair Value Hierarchy	Cost	Fair Value	Company Ownership
CXTL Recycling (Canada) Corp.	Equity	3	\$ 9,031,396	nil	50%
Previcare, Inc.	Equity	3	nil	nil	32%
			\$ 9,031,396		

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 also engaged an independent valuation firm to perform an independent valuation of both CXTL Recycling (Canada) Corp. ("CXTL") and Previcare, Inc. ("Previcare") as at December 31, 2022. The valuation results are reviewed with the audit committee as part of its quarterly and annual approval of the Company's financial statements.

For the purposes of the FV analysis for CXTL and Previcare, Management considered the following valuation approaches:

- Income approach utilizing:
 - the Discounted Cash Flow method ("DCF")
- Market approach utilizing:
 - trading multiples of comparable companies in the sector in which the entity operates.
 - transaction multiples observed within the industry sector in which the entity operates.

The primary valuation approach utilized was the income approach using the DCF method, as each entity is in the initial phase of its business cycle.

The Company obtained an independent valuation report as at December 31, 2022 that supported both the carrying value of CXTL at the prior year's valuation of \$4,259,265 and Previcare at a valuation of \$5,000,000 respectively.

Magnetic North Acquisition Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended December 31, 2022
Discussion dated: September 20, 2023

From a capital markets valuation perspective, management and the independent valuers judged the assumptions used to prepare the independent valuations to be reasonable and achievable. From an audit perspective, under IFRS 13, use of the DCF approach refers to an entity's use of an expected cash flow (ECF) technique and a discount rate adjustment technique. ECF refers to the "probability-weighted" average of possible cash flows. With regard to the key valuation assumptions, under IFRS 13 the probability of each key assumption could not be readily or sufficiently determined as at December 31, 2022.

In addition, use of the income approach using the DCF method for CXTL in 2022 represents a change in the valuation methodology applied to the investment:

- (i) for the year ended December 31, 2021 the market approach was employed and was deemed applicable as there was a recent, reasonably comparable market transaction that the auditors could look to in order to confirm the valuation approach.
- (ii) for the year ended December 31, 2022 the market approach could not be applied as there was no similar comparable recent market transaction.

While management and the independent valuers support the valuation of CXTL and Previcare as at December 31, 2022 based on the income approach using the DCF method, insufficient audit support for the key assumptions underlying this approach required Magnetic North, as an Investment Entity, to adjust the carrying value of its investment in CXTL and Previcare to NIL, consistent with the IFRS-specific definition of fair value through profit and loss in accordance with IFRS 9 as at December 31, 2022.

As soon as there is additional progress and/or events that would assist in the determination of the probability of the key assumptions, the Company will re-evaluate the DCF model and determine a fair value in subsequent financial reporting periods.

The Company held shares in the following companies that had nil fair value as at December 31, 2022: 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. No valuation work was performed on these investments due to either the small ownership position held by Magnetic North, or the investee is too early stage in its business plan.

As at December 31, 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.

Magnetic North Acquisition Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended December 31, 2022
Discussion dated: September 20, 2023

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:

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021	Fifteen Months Ended December 31, 2020
Operating loss	\$ (1,317,346)	\$ (1,456,747)	\$ (2,425,342)
Net loss	(5,850,875)	(3,109,489)	(15,658,229)
Loss per share - basic and diluted	(0.10)	(0.05)	(0.27)
Total assets	554,116	5,242,291	5,722,699
Total liabilities	19,024,961	18,328,301	16,829,124
Shareholders' deficiency	(18,470,445)	(13,086,010)	(11,106,425)

Summary of Quarterly Results

	Dec 31 2022	Sept 30 2022	Jun 30 2022	Mar 31 2022	Dec 31 2021	Sept 30 2021	Jun 30 2021	Mar 31 2021
Revenue	\$ -	\$ -	\$ -	\$ -	\$ (405,524)	\$ 285,524	\$ 60,000	\$ 60,000
Operating loss	(486,818)	(204,808)	(282,446)	(357,259)	(724,652)	(75,356)	(291,855)	(364,884)
Net loss	(9,797,902)	4,795,002	(490,446)	(357,439)	(1,413,866)	(75,535)	(291,948)	(1,328,140)
Loss per share - basic and diluted	(0.17)	0.08	(0.01)	(0.01)	(0.01)	(0.00)	(0.00)	(0.02)

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 favorable 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.

Results of Operations

For the three months ended December 31, 2022 compared with the three months ended December 31, 2021

For the three months ended December 31, 2022, the Company's net loss was \$9,797,902 (\$0.17 per share), compared to net loss of \$1,413,866 (\$0.01 per share) for the three months ended December 31, 2021. The increase in net loss is a result of the following:

Fair value adjustment of investments

During the three months ended December 31, 2022, the Company reported a decrease of \$4,259,265 in the fair value of CXTL to \$nil compared to a fair value of \$4,259,265 in the comparative 2021 period. The fair value of Previcare was increased to \$5,000,000 for the nine months ended September 30, 2022, compared to \$nil in the comparative period. For the three months ended December 31, 2022, as part of the 2022 year-end audit performed, Previcare was reduced to a fair value of \$nil, which was also the fair value as at the comparative period. While management and the independent valuers supported the valuations of CXTL and Previcare as at December 31, 2022 (please see "Investments" section for further details) based on the income approach using the DCF method, insufficient audit support for the key assumptions underlying this approach required Magnetic North, as an Investment Entity, to adjust the carrying value of its investments in CXTL and Previcare, in accordance with IFRS 9, to \$nil through profit and loss as at December 31, 2022. For the three months ended December 31, 2021 the fair value adjustment related to the Company's investment in CXTL equaled a decrease of \$910,275

Revenue

During the three months ended December 31, 2022, the Company reported revenue of \$nil as compared to (\$405,524) in the comparative period in 2021. Revenue is comprised of advisory fees from its investees CXTL and Previcare Inc.

General and Administrative Expenses ("G&A")

G&A include consulting fees, professional fees, investor relations, salaries and benefits, office and general, travel expenses and regulatory fees.

G&A increased by \$106,398 for the three months ended December 31, 2022 compared to the same period in 2021. G&A were higher in the 2022 period due to year-end audit adjustments and corporate activity in the 2022 period related to the Company's investments.

Share-based compensation

Share-based compensation expense increased by \$26,182 for the three months ended December 31, 2022 compared to the 2021 period. Share-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

For the year ended December 31, 2022 compared with the year ended December 31, 2021

Fair value adjustment of investments

During the twelve months ended December 31, 2022, the Company reported a decrease of \$4,259,265 in the fair value of CXTL to \$nil compared to a fair value of \$4,259,265 in the comparative 2021 period. The fair value of Previcare was increased to \$5,000,000 for the nine months ended September 30, 2022, compared to \$nil in the comparative period. For the twelve months ended December 31, 2022, the investment in Previcare was reduced to a fair value of \$nil which was also the fair value as at the comparative period. While management and the independent valuers support the valuations of CXTL and Previcare as at December 31, 2022 (please see "Investments" section for further details) based on the income approach using the DCF method, insufficient audit support for the key assumptions underlying this approach required Magnetic North, as an Investment Entity, to adjust the carrying value of its investment in CXTL and Previcare, in accordance with IFRS 9, to \$nil through profit and loss as at December 31, 2022. For the year ended December 31, 2021 the fair value adjustment related to the Company's investment in CXTL equaled a decrease of \$910,275.

Revenue

During the twelve months ended December 31, 2022, the Company reported revenue of \$nil as compared to \$nil in the comparative period in 2021. Revenue is comprised of advisory fees from its investees CXTL and Previcare.

General and Administrative Expenses ("G&A")

G&A includes consulting fees, professional fees, investor relations, salaries and benefits, office and general, travel expenses and regulatory fees.

G&A decreased by \$65,739 for the year ended December 31, 2022 compared to the same period in 2021. G&A expenses were slightly higher in the 2021 period due to higher professional fees supporting corporate activity in the 2021 period related to the Company's investments and investment acquisition assessment activities.

Share-based compensation

Share-based compensation expense decreased by \$89,254 for the twelve months ended December 31, 2022 compared to the 2021 period. Share-based compensation expense will vary from period to period depending upon the number of options granted and vested during a period and the fair value of the options calculated as at the grant date.

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 minimal operating revenues and therefore must utilize its current cash reserves and other financing transactions to maintain its capacity to meet ongoing discretionary and committed exploration and operating activities.

At December 31, 2022, the Company had a working capital deficiency of \$1,185,178 (December 31, 2021 – \$429,546 working capital deficiency). 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 its investment activities. Those investing activities include the purchase of investments. For fiscal 2023, the Company's expected operating expenses are estimated to be \$100,000 per month for recurring operating costs.

The Company does not have sufficient cash to fund its operating expenses for the twelve months ended December 31, 2023. The Company will have to raise additional capital during fiscal 2023 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 Statement of Cash Flows for the twelve months ended December 31, 2022 and 2021:

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Net cash flows used in operating activities	\$ (695,131)	\$ (469,834)
Net cash flows Provided by (used in) investing activities	362,637	(578,629)
Net cash flows provided by financing activities	346,027	1,022,498
Net change in cash and cash equivalents	13,533	(25,965)
Cash and cash equivalents, beginning of period	38	26,003
Cash and cash equivalents, end of period	\$ 13,571	\$ 38

Operating activities for the twelve months ended December 31, 2022 were mainly affected by adjustments for share-based compensation expense of \$272,544, share based transaction costs of \$207,810 and the net change in non-cash working capital balances of \$769,165.

Investing activities for the twelve months ended December 31, 2022 related to the providing of advice and support for and to existing investments related to the development of their business plans in addition to work related to examining and assessing additional potential investment opportunities for the Company. Repayment of Advances by an Investee exceeded total Advances made to the Investee during the year.

Financing activities for the twelve months ended December 31, 2022 generated cash of \$360,031 less share issue costs of \$14,004 from a private placement of preferred shares.

Other Commitments and Contingencies

The Company has commitments for financial liabilities, minimum payments due as at December 31, 2022, as follows:

Magnetic North Acquisition Corp.
Management's Discussion & Analysis
Three and Twelve Months Ended December 31, 2022
Discussion dated: September 20, 2023

Other Commitments and Contingencies

As at December 31, 2022	Carrying Value	Less than 1 year	1 to 3 years	4 to 5 years	Greater than 5 years	Total
Trade and accrued liabilities	\$ 1,247,892	\$ 1,247,892	\$ -	\$ -	\$ -	\$ 1,247,892
Promissory note payable	176,984	176,984	-	-	-	176,984
Total commitments	\$ 1,424,876	\$ 1,424,876	\$ -	\$ -	\$ -	\$ 1,424,876

Outstanding Share Data

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

	September 20, 2023	December 31, 2022
Common shares	59,097,178	59,097,178
Stock options	4,456,427	4,456,427
Common share purchase warrants	443,162	443,162
Total	63,996,767	63,996,767

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.

	Twelve Months Ended December 31, 2022	Twelve Months Ended December 31, 2021
Consulting fees	\$ 326,700	\$ 328,549
Share-based compensation	103,061	209,691
Salaries and benefits	147,263	130,947
	\$ 577,024	\$ 669,187

Investments in companies with common management personnel:

Entity	Type of Investment	Holdings (#)	Fair Value (\$)
CXTL Recycling (Canada) Corp. ⁽¹⁾	Common shares	115,592 shares	nil
Previcare, Inc. ⁽²⁾	Common shares	1,600,000 shares	nil
Ignite Alliance Corp. ⁽³⁾	Common shares	50,000 shares	nil

⁽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.

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 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 December 31, 2022, the Company had cash of \$13,571 (December 31, 2021 – \$38) to settle current liabilities of \$1,424,876 (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. The Company is exposed to market risks associated with the inherent volatility and external factors that can impact the fair value of equity instruments:

(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 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.

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 include 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 condensed interim statement of financial position approximate their carrying amount due to the short-term maturity of these instruments. The fair value of investments is 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 year ended December 31, 2022.

Outlook

For the immediate future, the Company plans to continue to implement its investment strategy, as described above, and focus on investments in, but 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 financial statements in compliance with IAS 34 requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas where significant judgment and estimates have been made in preparing the financial statements and their effect are disclosed in Note 2 of the Company's 2022 audited annual financial statements and reflect its status as an Investment Entity, as noted below.

Investment Entity Status

Management exercises judgment in applying criteria in IFRS 10 Consolidated Financial Statements, which determines the Company's status as an Investment Entity.

Changes in Accounting Policies

Basis of Consolidation

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 transfer 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.

Investment Entity Status

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- 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.

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.

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 the 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.

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 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 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.

Please refer to the section entitled "Risks and Uncertainties" in the Company's MD&A for the fiscal year ended December 31, 2021, available on SEDAR at www.sedar.com.