



MAGNETIC NORTH ACQUISITION CORP.

CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE THREE AND NINE MONTHS

ENDED SEPTEMBER 30, 2024 AND 2023

(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.

These

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 2024	As at December 31 2023
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,962	\$ 6,976
Restricted cash (note 8)	-	13,226,000
Short-term investments (note 3)	27,400	27,400
Trade and other receivables	36,271	4,885
Due from related parties (note 17)	305,226	160,901
Advances to investees (note 4)	-	-
Prepays and other current assets (note 8)	315,815	263,193
Total Current Assets	\$ 689,674	\$ 13,689,355
Non-current assets		
Investments - fair value through profit or loss (note 5)	-	-
Property, plant and equipment	3	3
Mineral claims	1	1
Exploration and evaluation assets	1	1
Other assets (note 6)	330,724	330,724
Total assets	\$ 1,020,403	\$ 14,020,084
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities (note 7)	\$ 2,097,498	\$ 1,001,708
Short term loans payable (note 8)	426,984	13,574,230
Advances from investees (note 4)	1,494,810	651,813
Total Current Liabilities	\$ 4,019,292	\$ 15,227,751
Non-current liabilities		
Asset retirement obligation (note 9)	660,432	659,892
Financial liability - Series A preferred shares (notes 2 and 10)	-	-
Total liabilities	\$ 4,679,724	\$ 15,887,643
Shareholders' equity		
Common shares (note 11)	29,083,903	29,083,903
Warrants (note 12)	1,645,494	1,645,494
Series A preferred shares (notes 2 and 10)	16,467,597	16,467,597
Contributed surplus	3,663,787	3,644,570
Accumulated deficit	(54,520,102)	(52,709,123)
Total shareholders' equity	(3,659,321)	(1,867,559)
Total liabilities and shareholders' equity	\$ 1,020,403	\$ 14,020,084
Nature of operations and going concern (note 1)		
Subsequent events (note 19)		

The accompanying notes to the 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,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Revenue				
Advisory fees (note 18)	\$ 60,000	\$ 60,000	\$ 180,000	\$ 820,000
Fair value adjustment of investments (note 5)	-	-	-	-
	60,000	60,000	180,000	820,000
Expenses				
Exploration and evaluation expenses	3,427	3,930	20,540	13,255
General and administrative (note 14)	214,247	335,090	790,809	842,517
Share-based compensation (note 13)	6,120	14,798	19,217	68,389
Depreciation	-	-	-	-
Total Expenses	223,795	353,818	830,566	924,161
Loss before other items	(163,795)	(293,818)	(650,566)	(104,161)
Other Items				
Accretion	(180)	(180)	(540)	(540)
Finance income/(cost), net	(6,000)	-	(1,159,873)	50
Preferred share-based transaction costs	-	-	-	-
Expected credit loss	-	-	-	-
Net and comprehensive loss for the period	(169,975)	(293,998)	(1,810,979)	(104,651)
Net and comprehensive loss per share	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.00)
- Basic and Diluted (note 15)				
Weighted average number of common shares outstanding				
- Basic and Diluted (note 15)	59,097,178	59,097,178	59,097,178	59,097,178

The accompanying notes to the 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,	
	2024	2023
Operating activities		
Net income (loss) for the period	(1,810,979)	(104,651)
Adjustments for:		
Depreciation and amortization	-	-
Change in asset retirement obligation estimate	-	-
Accretion	540	540
Share based compensation	19,217	68,389
Fair value adjustment of investments	-	-
Restricted cash - exchange adjustment	-	-
Changes in non-cash working capital items:		
Trade and other receivables	(31,386)	29,891
Prepaid expenses and other current assets	(52,622)	1,399
Deferred revenue	-	139,000
Due from related parties	(144,325)	-
Accounts payable and accrued liabilities	1,095,790	(482,488)
Short term loans payable	6,000	-
Net cash provided by (used in) operations	(917,765)	(347,920)
Investing activities		
Advances to investees (note 4)	-	-
Net cash provided by (used in) investing activities	-	-
Financing Activities		
Advances from investees (note 4)	842,997	342,918
Proceeds from private placement	-	-
Share issue costs	-	-
Receipt of Restricted cash from short term bank loan (note 8)	-	-
Repayment of Short term loan from Restricted cash (note 8)	(13,153,246)	-
Net cash provided by (used in) financing activities	(12,310,249)	342,918
Net change in cash and cash equivalents	(13,228,014)	(5,002)
Cash and cash equivalents, beginning of period	13,232,976	13,571
Cash and cash equivalents, end of period	4,962	8,569
Cash is represented by:		
Cash and cash equivalents	\$ 4,962	\$ 8,569
Restricted cash	-	-
	\$ 4,962	\$ 8,569
Supplemental information		
Interest received	175	50

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

Magnetic North Acquisition Corp.

Statements of Changes in Shareholders' Deficiency (Expressed in Canadian Dollars) (Unaudited)

	Issued common shares		Issued preferred shares		Warrants	Contributed Surplus	Accumulated Deficit	Shareholders' Equity (Deficiency)
	Number (#)	Amount (\$)	Number (#)	Amount (\$)				
Balance, December 31, 2022 Restated	59,017,187	29,083,903	1,712,927	16,310,597	1,088,072	3,284,907	(45,603,470)	3,958,708
Shared based compensation	-	-	-	-	-	68,389	-	68,389
Net and comprehensive loss for the period	-	-	-	-	-	-	(104,651)	(104,651)
Balance, September 30, 2023	59,017,187	29,083,903	1,712,927	16,310,597	1,088,072	3,353,296	(45,708,121)	4,127,747
Balance, December 31, 2023	59,017,187	\$ 29,083,903	1,750,825	\$ 16,467,597	\$ 1,645,494	\$ 3,644,570	\$ (52,709,123)	\$ (1,867,559)
Shared based compensation	-	-	-	-	-	19,217	-	19,217
Share issuance costs	-	-	-	-	-	-	-	-
Warrant issuance costs	-	-	-	-	-	-	-	-
Net and comprehensive loss for the period	-	-	-	-	-	-	(1,810,979)	(1,810,979)
Balance, September 30, 2024	59,017,187	\$ 29,083,903	1,750,825	\$ 16,467,597	\$ 1,645,494	\$ 3,663,787	\$ (54,520,102)	\$ (3,659,321)

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

Magnetic North Acquisition Corp.

Notes to the Financial Statements

For the Three and Nine Months Ended Sept. 30, 2024 and 2023

(Expressed in Canadian Dollars)

(Unaudited)

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 financial statements of the Company were reviewed, approved and authorized for issue by the Board of Directors on November 27, 2024.

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 \$1,810,979 during the nine months ended September 30, 2024 (nine months ended September 30, 2023 – net comprehensive loss of \$104,651) and has an accumulated deficit of \$54,520,102 as at September 30, 2024 (as at December 31, 2023 - \$52,709,123). In addition, the Company had a working capital deficiency of \$3,329,618 as at September 30, 2024 (December 31, 2023 - working capital deficiency of \$1,538,396). 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 as an investment company. 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. Management is actively working on obtaining additional funds from investors, from potential financial transactions and from monetizing its current investments.

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.

Magnetic North Acquisition Corp.
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2. Basis of presentation

Statement of compliance

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IFRS Accounting Standards")

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.

Restatement

During the 2023 audit, the Company reviewed the accounting for, and classification of, its Series A preferred shares and determined that its Series A preferred shares are not a financial liability and are more properly classified as equity.

There are 3 key terms that are relevant to the determination of classification:

1. Redemption option - at the discretion of the Company's Board of Directors.
2. Dividend distribution - at the discretion of the Company's Board of Directors.
3. Entitlement - Distribution of net investment gain upon future events, non-discretionary.

Each of these terms was analyzed individually under existing IFRS pronouncements.

Based on the analysis undertaken, the Preferred shares are considered a compound instrument, consisting of both an equity component and a liability component. However, the liability component is initially recognized at nil value due to its nature as a contingent obligation, which has an indeterminable payment probability and an amount that cannot be reliably measured. Therefore, the entire amount of the proceeds should be allocated to the equity component

The effect of this adjustment on the statement of financial position as at December 31, 2023 and September 30, 2024 is a decrease in financial liability-Series A preferred shares within non-current liabilities of \$17,404,079 and a net increase in Series A preferred shares within shareholders' equity of \$16,467,597. The 2023 comparative figures presented in these unaudited condensed interim financial statements have been restated, as required, to reflect the reclassification.

Basis of measurement and presentation

These unaudited condensed interim financial statements have been prepared on a historical cost basis, with the exception of financial instruments classified as fair value through profit or loss. In addition, these unaudited condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information. These unaudited condensed interim financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Material accounting judgments, estimates and new accounting policies

The preparation of these unaudited condensed interim financial statements in accordance with IFRS requires management to make judgments and estimates that could materially affect the amounts recognized in the unaudited condensed interim 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 unaudited condensed interim 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. See also note 1 above.

Magnetic North Acquisition Corp.

Notes to the Financial Statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

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2. Basis of presentation (continued)

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.

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.

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.

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 the relevant criteria in IFRS 10 Consolidated Financial Statements, which determines the Company's status as an investment entity.

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.

Critical Accounting 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 future expenditures. These costs are estimated based on the Company's interpretation of current regulatory requirements and 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.

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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 data 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.

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.

Recent Accounting Pronouncements

The Company has reviewed new and amended accounting pronouncements that have been issued but are not yet effective:

IAS 1 – Classification of liabilities : The amendments clarify how to classify debt and other liabilities as current or non-current. The amendments to IAS 1 apply to annual reporting periods beginning on or after January 1, 2024. The Company is currently assessing the impact of this amendment.

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, 2024 \$27,400 (December 31, 2023 - \$27,400) was held in guaranteed investment certificates as security.

4. Advances to (from) investees

As per the terms of the Unanimous Shareholders Agreement ("USA") discussed in note 5, the Company is required to contribute capital to CXTL as part of its 50% ownership. During the nine months ended September 30, 2024, 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 capital amount provided by the Company was offset by repayment of Advances to investee and additional advances to the Company during the nine months ended September 30, 2024 totaling \$842,997 (nine months ended September 30, 2023 – \$342,918). As at September 30, 2024, Advances from investees totaled \$1,494,810 (December 31, 2023 - Advances from investees totaled \$651,813).

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As at September 30, 2024, the gross amount net of ECL advanced to Previcare in 2024 was \$nil. As at December 31, 2023, the gross amount before ECL advanced to Previcare was \$116,427 (December 31, 2022 - \$71,377). During the 2023 fiscal year an additional ECL of \$45,050 (December 31, 2022 - \$ 71,377) was recorded to bring the net amount advanced to Previcare to \$nil. The Company also has a net advance outstanding to Ignite Alliance Corp. of \$nil as at September 30, 2024 (December 31, 2023 - \$nil).

5. Investments

The following chart lists the investments carried at FVTPL as at September 30, 2024:

Investments	September 30, 2024		December 31, 2023	
	Cost	Fair Value	Cost	Fair Value
CXTL Recycling (Canada) Corp. (115592 common shares - 50%)	9,031,396	-	9,031,396	-
Private company investments - FVTPL	\$ 9,031,396	\$ -	\$ 9,031,396	\$ -

The Company also held shares in the following companies for which fair value was adjusted to nil at initial recognition: Previcare, Inc. 1,600,000 common shares representing approx. 32% of the common shares issued and outstanding, 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, GrowthCell Global 335,000 common shares representing less than 1.5% of the common shares, and a 100% owned company, Bluenose Quartz Ltd ("Other investments").

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, 2024, 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. As at September 30, 2024, management determined that, in the absence of sufficient independent observable evidence

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and other support for the valuation assumptions used under the income approach / discounted cash flow method, the fair value of the Company's investment in CXTL cannot be readily determined. In accordance with IFRS 9, value has been assessed as \$nil (December 31, 2023 - \$nil).

Other investments have been assessed to have \$nil fair value as at September 30, 2024 (December 31, 2023 - \$nil), Company management assessed Other investments and concluded that it is not possible to readily determine a fair market value for these investments.

6. Other assets

Other assets consist 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 \$330,724 (December 31, 2023 - \$330,724).

7. Accounts payable and accrued liabilities

	As at September 30, 2024	As at December 31, 2023
Trade accounts payable	1,799,272	766,001
Accrued liabilities	223,226	160,707
Other payable	75,000	75,000
Deposits ⁽¹⁾	-	-
	\$ 2,097,498	\$ 1,001,708

⁽¹⁾ Deposits related to the prepayment of fees received associated with a transaction that was pending finalization of terms and conditions. The transaction was not completed and the deposit was returned.

8. Short term loans and Restricted cash

The Company received a Term Loan from a Canadian financial institution in the month of November 2023 in the amount of US\$10,000,000 (CDN\$ 13,334,216). The Term Loan was supported by a General Security Agreement on the Company's assets. The interest rate was US prime + 1.5%. In addition, a third party provided a Letter of Credit in the amount of CDN\$ 14,000,000 as security for the Term Loan. The Maturity date of the loan was June 30, 2024. Proceeds of the loan were to be used only to support certain specific potential financial transactions. As a result, the proceeds of the loan were classified as Restricted Cash. On completion of an initial successful financial transaction supported by the proceeds of this loan, a one-time success fee of \$250,000 would have been payable to the financial institution.

The Term Loan was repaid, using the Restricted Cash, in June 2024. Accrued interest on the Term Loan, in the amount of U.S.\$539,315.08, was converted to a non-interest bearing Demand Promissory Note. No success fee payment was made on or prior to the repayment date.

The Company issued 450,000 Warrants to acquire Series A Preferred shares at an exercise price of \$7.50 per share for a period of twelve months from the date of issuance related to receiving the Letter of Credit supporting this loan. The estimated fair value of the total number of Warrants issued at the grant date was \$571,404 using the Black- Scholes valuation model using the following assumptions:

Exercise price per Warrant	\$7.50
Risk-free interest rate	4.45%
Expected volatility	250%
Expected life	1.0 years

The estimated fair value amount was initially recorded as a Prepaid commitment fee under prepaids and other current assets and was amortized over the term of the arrangement.

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Notes to the Financial Statements

For the Three and Nine Months Ended September 30, 2024 and 2023

(Expressed in Canadian Dollars)

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8. Short term loans and Restricted cash (continued)

In November 2023 the Company also received a non-interest-bearing short term loan in the amount of \$250,000 in an arm's length transaction from a shareholder of the Company to be used by the Company for general corporate purposes. The Maturity date of the loan, initially June 30, 2024 has been extended to November 30, 2024.

The Company issued 100,000 Warrants to acquire Series A Preferred shares at an exercise price of \$7.50 per share for a period of twelve months from the date of issuance related to receiving this loan.

The 100,000 warrants were valued after determining the fair value of the loan component. The estimated fair value of the total number of Warrants issued at the grant date using the residual value approach was \$14,344.

During the nine months ended September 30, 2024 \$260,493 of the fair market value of the 550,000 Warrants issued in 2023 (year ended December 31, 2023 - \$310,911) was expensed. See note 12 for further details on the issue of Warrants.

9. 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 previously updated in November 2020 using then currently acceptable unit costs and information that reflected current site conditions and disturbed areas. The reclamation plan has now been updated to an effective date of December 31, 2023 and the revised estimated reclamation obligation has been accounted for and reflected in the Company's financial statements.

The following table presents the reconciliation of the carrying amount of the liability associated with the reclamation of the Company's property based on the most recently completed reclamation plan:

	As at September 30, 2024	As at December 31, 2023
Opening balance	659,892	194,936
Accretion	540	760
Effect of change in estimates	-	464,196
	\$ 660,432	\$ 659,892

The following significant assumptions were used to estimate the asset retirement obligation:

	As at Sept. 30, 2024	As at December 31, 2023
Undiscounted cashflows	661,123	661,123
Discount rate	4.00%	4.00%
Inflation rate	3.90%	3.90%
Weighted average expected timing of cashflows	2 years	2 years

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(Expressed in Canadian Dollars)
(Unaudited)

10. Series A preferred shares

(i) Series A preferred shares issued:

	Number of Preferred Shares	Amount
Balance, December 31, 2021 - restated	1,712,927	16,310,597
Private placement ⁽¹⁾	37,898	166,225
Share issue costs ⁽²⁾	-	(9,225)
Balance as at December 31, 2022 - restated	1,750,825	16,467,597
Balance, December 31, 2023 and September 30, 2024	1,750,825	\$ 16,467,597

⁽¹⁾ Private placement of 37,898 Units at \$9.50 per Unit completed during April 2022. Each Unit consisted of one Series A preferred share 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.

⁽²⁾ Share issue costs consist of warrants issued relating to the April 2022 private placement.

(ii) Dividends paid

As at October 31, 2024, no dividends were paid or declared in the period then ended.

(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:

- 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;
- Any unpaid Disposition Entitlements;
- 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
- All unpaid, accrued and accumulated dividends.

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11. 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, 2022 and September 30, 2023	59,097,178	\$ 29,083,903
Balance, December 31, 2023 and September 30, 2024	59,097,178	\$ 29,083,903

12. Warrants

	Number of Warrants	Grant date fair value
Balance, December 31, 2021	405,264	882,771
Issued (note 10 (i)(1))	37,898	176,975
Balance, December 31, 2022	443,162	1,059,746
Issued (note 8)	550,000	585,748
Balance, December 31, 2023 and September 30, 2024	993,162	\$ 1,645,494

Expiry Date	Exercise Price (\$)	Number of Warrants outstanding	Grant date fair value
November 24, 2024	7.50	450,000	571,404
November 24, 2024	7.50	100,000	14,344
October 28, 2025	7.00	300,000	164,400
December 6, 2026	10.00	105,264	718,371
April 20, 2027	10.00	37,898	176,975
		993,162	1,645,494

13. 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, and re-approved by its shareholders at the annual and special meeting of shareholders held on March 6, 2024.

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.

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13. Stock options (continued)

a) The following table reflects the continuity of common stock options for the years and period presented:

	Number of stock options	Weighted average exercise price (\$)
Balance, December 31, 2021	3,943,927	0.40
Granted	500,000	0.34
Balance, December 31, 2022	4,443,927	0.40
Granted	975,000	0.05
Forfeited	(428,927)	(0.32)
Balance, December 31, 2023 and September 30, 2024	4,990,000	0.32

The grant date fair value of options granted during the period ended December 31, 2023 has been estimated at \$.01 per option using Black-Scholes option pricing model.

The Company applied the following assumptions in determining fair value of options granted during the following periods:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Exercise price per option	N/A	\$ 0.34
Risk free interest rate	N/A	4.15%
Expected volatility	N/A	182%
Expected life	N/A	5 years
Forfeiture rate	N/A	N/A
Estimated fair value per option	N/A	0.01

The following table reflects total common share stock options issued and outstanding as of September 30, 2024:

Expiry Date	Exercise price (\$)	years to maturity	Weighted average		Number of options outstanding	Grant date fair value (\$)	Number of options vested (exercisable)
			remaining contractual life (years)	remaining contractual life (years)			
December 2, 2024	0.10	0.17	0.05		1,450,000	200,100	1,450,000
February 10, 2025	0.1575	0.36	0.03		400,000	64,000	400,000
May 26, 2025	0.83	0.67	0.10		715,000	438,295	715,000
July 14, 2025	0.64	0.79	0.06		350,000	165,550	350,000
August 24, 2025	0.65	0.92	0.01		50,000	24,000	50,000
October 9, 2025	0.72	1.03	0.03		150,000	88,650	150,000
October 28, 2025	0.70	1.08	0.07		300,000	164,400	300,000
November 5, 2025	0.79	1.09	0.02		100,000	61,900	100,000
January 20, 2027	0.175	2.30	0.23		500,000	70,142	375,000
October 10, 2028	0.05	4.03	0.79		975,000	9,750	243,750
	0.32		1.37		4,990,000	1,286,787	4,133,750

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13. Stock options (continued)

b) The following table reflects the continuity of Series A preferred share options for the years and period presented:

	Number of stock options	exercise price (\$)	Weighted average exercise price (\$)
Balance, December 31, 2021	-	-	-
Granted	12,500	7.00	-
Balance, December 31, 2022	12,500	7.00	0.90
Granted	85,000	7.25	6.32
Balance, December 31, 2023 and September 30, 2024	97,500		7.22

The grant date fair value of Series A Preferred share options granted during the year ended December 31, 2023 was estimated at \$0.20 per option using the Black-Scholes option pricing model.

The Company applied the following assumptions in determining fair value of common share options granted during the following periods:

	Nine months ended September 30, 2024	Year ended December 31, 2023
Weighted average exercise price per option	N/A	\$ 7.25
Risk free interest rate	N/A	4.15%
Expected volatility	N/A	182%
Expected life	N/A	5 years
Forfeiture rate	N/A	N/A
Weighted average fair value per option	N/A	\$ 0.20

The following table reflects total Series A preferred stock options issued and outstanding as of September 30, 2024:

Expiry Date	Exercise price (\$)	Weighted average		Number of options outstanding	Grant date fair value (\$)	Number of options vested (exercisable)
		remaining contractual life (years)	remaining contractual life (years)			
January 20, 2027	7.00	2.31	0.30	12,500	74,252	9,375
October 10, 2028	7.25	4.03	3.51	85,000	17,000	21,250
			3.81	97,500	79,892	30,625

c) For the nine months ended September 30, 2024, the Company reported share-based compensation expense of \$19,217 (nine months ended September 30, 2023 - \$68,389).

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14. General and administrative

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Consulting fees	100,000	123,438	304,600	349,698
Professional fees	35,834	105,489	140,754	168,158
Investor relations	15,000	15,000	45,000	45,000
Salaries & benefits	42,752	78,315	189,559	222,672
Office & general	11,916	9,870	73,563	16,982
Travel expenses	4,468	-	12,798	-
Regulatory fees	4,277	2,978	24,535	40,007
	214,247	335,090	790,809	842,517

15. Loss per share

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2024	2023	2024	2023
Income (loss) for the period	(169,975)	(293,998)	(1,810,979)	(104,651)
Weighted average number of common shares				
- basic & diluted	59,097,178	59,097,178	59,097,178	59,097,178
Basic & diluted loss income (loss) per share	\$ (0.00)	\$ (0.00)	\$ (0.03)	\$ (0.00)

Basic income (loss) per share is calculated based on net income (loss) and the weighted-average number of common shares outstanding.

The Company recorded losses for the three and nine months ended September 30, 2024 and therefore any addition to basic shares is anti-dilutive. The Company also recorded losses for the three and nine months ended September 30, 2023 and therefore any addition to basic shares is anti-dilutive.

16. 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.

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17. 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 Ended September 30,		Nine Months Ended Sept. 30,	
	2024	2023	2024	2023
Consulting fees	\$ 100,000	\$ 108,177	\$ 300,000	\$ 286,350
Share-based compensation	2,686	-	8,170	-
Salaries and benefits	36,816	-	110,448	-
	\$ 139,502	\$ 108,177	\$ 418,618	\$ 286,350

17. Related party transactions (continued)

As at September 30, 2024, the Company recorded a prepayment of \$305,226 (December 31, 2023 - \$160,901) for consulting fees for the Company's two Co-Chief Executive Officers. As at September 30, 2024, the Company recorded accounts payable and accruals of \$111,583 (December 31, 2023 - \$46,833) for consulting fees for the Company's other officers.

Accounts payable at September 30, 2024 include \$25,234 due to an Investee Entity for services provided to the Company (December 31, 2023 - \$14,188). See also note 4. Advances to (from) investees.

Investments in companies with common management personnel

As at September 30, 2024, the Company held investment positions in the following issuers with common officers and directors:

Entity	Type of Investment	Holdings / # of shares	Fair Value
CXTL Recycling (Canada) Corp. ⁽¹⁾	Common shares	115,592 shares	\$nil
Previcare, Inc. ^{(2) (4)}	Common shares	1,600,000 shares	\$nil
Ignite Alliance Corp.	Common shares	50,000 shares	\$nil
Bluenose Quartz Ltd. ⁽³⁾	Common shares	100 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/V-P and a Director of Previcare, Inc.

⁽³⁾ Andrew Osis and Kevin Spall, Co-Chief Executive Officers of the Company, are also directors of Bluenose Quartz Ltd.

⁽⁴⁾ Lance McIntosh, Chief Financial Officer of the Company, is also the Chief Financial Officer of Previcare, Inc.

18. Advisory Fees

Advisory fees are generated from providing management advisory services to Investee Entities.

19. Subsequent events

- On May 7, 2024 the Company was granted by the Alberta Securities Commission ("ASC"), a Management Cease Trade Order ("MCTO"), as a result of the Company being late to file its annual audited financial statements.
- On July 12, 2024 the Alberta Securities Commission issued a Cease Trade Order ("CTO"). The CTO was issued as a result of the delay in the filing of the Company's audited annual financial statements, accompanying management discussion and analysis, and certifications for the financial year ended December 31, 2023, and

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the corresponding interim financial statements, management discussion and analysis, and certifications for the period ended March 31, 2024.

- Effective July 15, 2024, the TSX Venture Exchange (the “TSXV”) suspended trading in the Company’s common shares and series A preferred shares (the “securities”) as a result of the CTO issued by the ASC.
- On October 10, 2024 the Company filed its 2023 audited annual financial statements and management discussion and analysis and the accompanying corresponding condensed interim financial statements, management discussion and analysis, and certifications for the periods ended March 31 and June 30, 2024.
- On October 21, 2024 the Alberta Securities Commission revoked the CTO.
- Effective November 28, 2024, the TSXV reinstated trading in the Company’s securities.