

# **Magen Ventures I Inc.**

(A Capital Pool Company)

## **Unaudited Condensed Interim Financial Statements**

**For the Three Month Period Ended June 30,  
2021 and For the Period from the Date of  
Incorporation (February 9, 2021) to June 30,  
2021**

**(In Canadian Dollars)**

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### **Notice of No Auditor Review of the Interim Financial Statements**

The accompanying unaudited condensed interim financial statements of the Corporation have been prepared by and are the responsibility of the Corporation's management. The Corporation's independent auditor has not performed a review of these financial statements in accordance with standards established by the CPA Canada for a review of interim financial statements by an entity's auditor.

**Magen Ventures I Inc.**  
**Unaudited Condensed Interim Statement of Financial Position**  
**As at June 30, 2021**  
(in Canadian Dollars)

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	<b>2021</b>
<b>Assets</b>	
Cash held in trust	\$ 4,557,461
	\$ 4,557,461
<b>Liabilities</b>	
Accrued liabilities	\$ 5,084
<b>Shareholders' Equity</b>	
Share capital, net of share issuance costs (Note 3)	4,360,215
Contributed surplus	495,137
Accumulated deficit	(302,975)
	4,552,377
	\$ 4,557,461

Approved by the Board           **Jesse Kaplan**            
CEO (Signed)

          **Jesse Kaplan**            
CFO (Signed)

*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

**Magen Ventures I Inc.**  
**Unaudited Condensed Interim Statements of Loss and Comprehensive Loss**  
**For the Three Month Period Ended June 30, 2021 and For the Period from the Date of**  
**Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

	<b>For the Three Month Period Ended June 30, 2021</b>	<b>For the Period From the Date of Incorporation (February 9, 2021) to June 30, 2021</b>
<b>Expenses</b>		
Professional fees	\$ 21,215	\$ 26,494
Filing fees	17,826	17,826
Stock-based compensation	74,181	258,655
<b>Net loss and comprehensive loss for the period</b>	<b>\$ (113,222)</b>	<b>\$ (302,975)</b>
<b>Net loss per share (basic and diluted)</b>	<b>\$ (0.00)</b>	<b>\$ (0.02)</b>
<b>Weighted average shares outstanding (basic and diluted)</b>	<b>24,871,111</b>	<b>18,516,312</b>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

**Magen Ventures I Inc.**  
**Unaudited Condensed Interim Statement of Changes in Cash Flows**  
**For the Period from the Date of Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

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**Cash provided by (used in)**

**Operating**

Net loss for the period	\$ (302,975)
Stock-based compensation	258,655
Change in accrued liabilities	5,084
<b>Cash used in operating activities</b>	<b>(39,236)</b>

**Financing**

Share subscription, net of issuance costs	4,596,697
<b>Cash provided by financing activities</b>	<b>4,596,697</b>

<b>Net change in cash</b>	<b>4,557,461</b>
<b>Cash, beginning of period</b>	<b>-</b>

<b>Cash, end of period</b>	<b>\$ 4,557,461</b>
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**Magen Ventures I Inc.**  
**Unaudited Condensed Interim Statement of Changes in Shareholders' Equity**  
**For the Period from the Date of Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

	<b>Number of Shares</b>	<b>Share Capital</b>	<b>Contributed Surplus</b>	<b>Accumulated Deficit</b>	<b>Shareholders' Equity</b>
Common shares issued (Note 3)	60,000,000	\$ 5,000,000	\$ -	\$ -	\$ 5,000,000
Share issuance costs (cash)	-	(403,303)	-	-	(403,303)
Share issuance costs (agent warrants)	-	(236,482)	236,482	-	-
Stock based compensation	-	-	258,655	-	258,655
Net loss for the period	-	-	-	(302,975)	(302,975)
<b>Balance, June 30, 2021</b>	<b>60,000,000</b>	<b>\$ 4,360,215</b>	<b>\$ 495,137</b>	<b>\$ (302,975)</b>	<b>\$ 4,552,377</b>

*The accompanying notes are an integral part of these unaudited condensed interim financial statements.*

**Magen Ventures I Inc.**  
**Notes to the Financial Statements**  
**For the Three Month Period Ended June 30, 2021 and For the Period from the Date of**  
**Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

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**1. INCORPORATION AND NATURE OF BUSINESS**

Magen Ventures I Inc. (the "Corporation") was incorporated under the *Business Corporations Act* (Ontario) on February 9, 2021 and is a Capital Pool Company as defined in Policy 2.4 (the "Policy") of the TSX Venture Exchange (the "Exchange"). The principal business of the Corporation will be the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction ("QT") as defined in the Policy. The Corporation has not commenced commercial operations and has no assets other than cash held in trust. Given the nature of the activities, no separate segmented information is reported. The Corporation's continuing operations, as intended, are dependent on its ability to secure equity financing with which it intends to identify and evaluate potential acquisitions of businesses, and once identified and evaluated, to negotiate an acquisition thereof or participation therein subject to receipt of regulatory and, if required, shareholders' approval.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT.

The head office and the registered head office of the Corporation is located at 77 King Street West, Suite 400, Toronto, ON M5K 0A1.

On August 27, 2021, the Board of Directors approved the unaudited condensed interim financial statements for the period from the date of incorporation (February 9, 2021) to June 30, 2021.

The global outbreak of COVID-19 (coronavirus) has had a significant impact on businesses through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders. At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Corporation as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**Statement of Compliance**

These unaudited condensed interim financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

These unaudited condensed interim financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable, by the measurement at fair value of selected non-current assets, financial assets, and financial liabilities. These unaudited condensed interim financial statements are presented in Canadian dollars, which is the Corporation's functional and presentation currency.

The accounting policies applied by the Corporation in these Unaudited Condensed Interim Financial Statements are the same as those applied by the Corporation in the audited financial statements for the period ended February 28, 2021.

**Magen Ventures I Inc.**  
**Notes to the Financial Statements**  
**For the Three Month Period Ended June 30, 2021 and For the Period from the Date of**  
**Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

**3. SHARE CAPITAL**

**Authorized** - Unlimited common shares

<b>Balance, February 9, 2021</b>	<b>\$</b>	<b>Nil</b>
20,000,000 common shares issued (i)	<b>\$</b>	<b>1,000,000</b>
40,000,000 common shares issued (ii)		<b>4,000,000</b>
Cost of issuance (cash)		<b>(403,303)</b>
Cost of issuance (warrants)		<b>(236,482)</b>
<b>Balance June 30, 2021</b>		<b>4,360,215</b>

**(i) Escrowed Shares**

On February 22, 2021, the Corporation issued 9,800,000 common shares ("Common Shares") at \$0.05 per share for gross proceeds of \$490,000.

On April 9, 2021, the Corporation issued a total of 10,200,000 common shares at \$0.05 per share for total proceeds of \$510,000.

Share issuance costs of \$17,503 were associated with these issuances.

All Common Shares: (a) issued at a price below the price of the Common Shares issued in the Corporation's initial public offering ("IPO"); and (b) all shares acquired from treasury after the IPO but before the date of the Final QT Exchange Bulletin (as defined in the Policy) which are, directly or indirectly, beneficially owned or controlled by Non-Arm's Length Parties (as defined in the Policy) to the Corporation, are required to be deposited in escrow. Subject to certain permitted exemptions, all securities of the Corporation held by principals of the resulting issuer will also be subject to escrow.

20,000,000 issued and outstanding Common Shares are held in escrow pursuant to the requirements of the Exchange.

**(ii) Initial Public Offering**

On June 17, 2021 the Corporation completed its Initial Public Offering ("IPO") of 40,000,000 shares at \$0.10 per share (\$4,000,000). The Corporation paid a commission of 9% of the gross proceeds to Canaccord Genuity Corp. (the "Agent"), and granted the Agent warrants to purchase 3,200,000 Common Shares exercisable for a period ending sixty months from the closing of the IPO, exercisable at \$0.10 per share. The Corporation also reimbursed the Agent for legal fees and other reasonable expenses incurred pursuant to the IPO. Cash issuance costs of \$385,800 were associated with these issuances and the value attributed to the warrants granted to the Agent is \$236,482.

**Magen Ventures I Inc.**  
**Notes to the Financial Statements**  
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(in Canadian Dollars)

**3. SHARE CAPITAL (continued)**

**Options**

The Corporation has established a stock option plan for its directors, officers and consultants under which the Corporation may grant options from time to time to acquire, a maximum of 10% of the issued and outstanding Common Shares. The exercise price of each option granted under the plan shall be determined by the Board of Directors.

Options may be granted for a maximum term of ten years from the date of the grant. They are non-transferable and are exercisable as determined by the Board of Directors when the option is granted. Options expire within 90 days of termination of employment or holding office as director or officer of the Corporation (other than in connection with the completion of the QT – in which case 1 year) and, in the case of death, expire within a maximum period of one year after such death, subject to the expiry date of the option.

Any options granted, and any shares issued upon exercise of options, prior to the Corporation's completion of a QT will be subject to escrow restrictions. In addition to the foregoing, any options with an exercise price less than the offering price per Common Share in the IPO will be subject to the same escrow release schedule as the Common Shares issued for a price less than the offering price per Common Share in the IPO.

The following table reflects the continuity of stock options and warrants:

	Number of Stock Options and Warrants	Weighted Average Exercise Price (\$)
Balance, February 9, 2021	-	-
Granted to directors and officers (i)	5,000,000	\$0.05
Granted to directors and officers (ii)	1,000,000	\$0.10
Granted to Agent (ii)	3,200,000	\$0.10
<b>Balance, June 30, 2021</b>	<b>9,200,000</b>	<b>\$0.07</b>

- i. On February 22, 2021, the Corporation granted 5,000,000 stock options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.05 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.22%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$184,474.
- ii. On June 17, 2021, the Corporation granted 1,000,000 stock options to directors and officers, which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.82%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$74,181.

In addition, on April 1, 2021, the Corporation granted 3,200,000 warrants to the Agent, which are exercisable within five years from the date of grant at an exercise price of \$0.10 per share. These options were valued on the date of issue using the Black-Scholes option pricing model with the following assumptions: dividend yield 0%, discount rate of 0.39%, expected volatility of 100% and an expected life of five years. The value attributed to these options was \$236,482.

**Magen Ventures I Inc.**  
**Notes to the Financial Statements**  
**For the Three Month Period Ended June 30, 2021 and For the Period from the Date of**  
**Incorporation (February 9, 2021) to June 30, 2021**  
(in Canadian Dollars)

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**3. SHARE CAPITAL (continued)**

The following table reflects the actual stock options and warrants issued and outstanding as of June 30, 2021:

<b>Expiry Date</b>	<b>Exercise Price</b>	<b>Remaining Contractual Life (Years)</b>	<b>Number of Stock Options and Warrants Outstanding</b>	<b>Number of Stock Options and Warrants Vested (Exercisable)</b>
February 22, 2026	\$0.05	4.65	5,000,000	5,000,000
June 17, 2026	\$0.10	4.97	1,000,000	1,000,000
June 17, 2026	\$0.10	4.97	3,200,000	3,200,000
<b>Balance, June 30, 2021</b>	<b>\$0.07</b>	<b>4.80</b>	<b>9,200,000</b>	<b>9,200,000</b>

**4. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

**Capital Management**

The Corporation's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Corporation includes equity, comprised of share capital and accumulated deficit in the definition of capital.

The Corporation's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Corporation may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of share capital may only be used to identify and evaluate assets or businesses for future investment, with the exception that up to \$3,000 per month may be used for reasonable general and administrative expenses of the Corporation. These restrictions apply until completion of a QT by the Corporation as defined under the policies of the Policy.

**Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust and accrued liabilities approximate fair value due to the relatively short-term maturity of the instruments. It is management's opinion that the Corporation is not exposed to significant interest, currency or credit risks arising from these financial instruments.

**5. RELATED PARTY TRANSACTIONS**

The corporation incurred stock-based compensation expense related to directors and officers valued at \$258,655 during the period ended June 30, 2021.