

# **Magen Ventures I Inc.**

## **Management Discussion and Analysis**

November 7, 2022

The following management discussion and analysis (“MD&A”) of the results of the operations and financial position of Magen Ventures I Inc. (the “Corporation”) for the three and nine month period ended September 30, 2022, the three month period ended September 30, 2021 and for the period from February 9, 2021 (date of incorporation) to September 30, 2021. All figures contained in this MD&A are presented in Canadian dollars.

### **Forward-Looking Statements**

Certain statements contained in this MD&A may constitute forward-looking statements. These statements relate to future events or the Corporation’s future performance. All statements, other than statements of historical fact, may be forward-looking statements.

Forward-looking statements are often, but not always, identified by the use of words such as “seek”, “anticipate”, “plan”, “continue”, “estimate”, “expect”, “may”, “will”, “project”, “predict”, “propose”, “potential”, “targeting”, “intend”, “could”, “might”, “should”, “believe” and similar expressions. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The Corporation believes that the expectations reflected in those forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking statements included in this MD&A should not be unduly relied upon by investors as actual results may vary. These statements speak only as of the date of this MD&A and are expressly qualified, in their entirety, by this cautionary statement. The Corporation’s actual results could differ materially from those anticipated in these forward-looking statements as a result of various risk factors.

### **The Corporation**

The Corporation was incorporated under the *Business Corporations Act* (Ontario) on February 9, 2021, and is classified as a Capital Pool Company as defined in Policy 2.4 of the TSX Venture Exchange (the “Exchange”) Corporate Finance Manual (the “Manual”). The head office and the registered head office of the Corporation is located at 77 King Street West, Suite 400, Toronto, ON M5K 0A1.

The principal business of the Corporation is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction (“QT”) as such term is defined in the Manual. The Corporation has not commenced operations and has no assets other than cash held in trust, prepaids and short-term investments. The Corporation’s continuing operations as intended are dependent upon its ability to identify, evaluate and negotiate an acquisition, or business, or an interest therein. Such an acquisition will be subject to the approval of the regulatory authorities concerned and, in the case of a non-arm’s length transaction, of the majority of the minority shareholders.

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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.

On February 22, 2021, the Corporation issued 9,800,000 common shares in the capital of the Corporation (“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 subscriptions.

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.

On June 17, 2021, the Corporation completed its Initial Public Offering (“IPO”) of 40,000,000 Common 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.

Concurrently with completion of the IPO, the Corporation granted an aggregate of 1,000,000 stock options to its officers and directors at an exercise price of \$0.10 per share for a period of five years from the date of grant.

On March 16, 2022 the Corporation entered into a business combination agreement with Grey Wolf Animal Health Inc. (the “Grey Wolf”), pursuant to which a wholly-owned subsidiary of the Corporation and Grey Wolf will amalgamate pursuant to a three-cornered amalgamation under the Business Corporations Act (Ontario) (the “Amalgamation”). The Amalgamation will result in the reverse takeover of the Corporation by the shareholders of Grey Wolf. Following the completion of the Amalgamation, the Corporation, as the issuer resulting therefrom, is expected to trade on the Exchange and carry on the current business of Grey Wolf under the name “Grey Wolf Animal Health Corp.” or such other name as may be determined by Grey Wolf and is acceptable to the applicable regulatory authorities. This proposed transaction is intended to be the QT for the Corporation. The transaction was not closed as at September 30, 2022.

On July 28, 2022 the Corporation and Grey Wolf amended the Business Combination Agreement to extend the completion deadline to November 30, 2022 and amend the consolidation ratio of the Common Shares from “19.1667 to 1” to “16.6667 to 1” or such other ratio as may be agreed to between the Corporation and Grey Wolf.

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On November 7, 2022, the Board of Directors approved the unaudited condensed interim financial statements for the three and nine months period ended September 30, 2022, the three month period ended September 30, 2021 and for the period from the date of incorporation (February 9, 2021) to September 30, 2021.

**Summary of Quarterly Results**

	<b>September 30, 2022</b>	<b>June 30, 2022</b>	<b>March 31, 2022</b>	<b>December 31, 2021</b>	<b>September 30, 2021</b>	<b>June 30, 2021</b>	<b>March 31, 2021</b>
Total Assets	\$ 4,407,392	\$ 4,413,443	\$ 4,456,171	\$ 4,470,696	\$ 4,484,204	\$ 4,557,461	\$ 923,890
Total Revenues	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Expenses	\$ 32,804	\$ 151,792	\$ 32,329	\$ 32,019	\$ 80,179	\$ 113,222	\$ 189,753
Other Income	\$ 22,239	\$ 6,203	\$ 5,623	\$ 5,545	\$ 5,046	Nil	Nil
Net Loss	(\$ 10,565)	(\$ 145,589)	(\$ 26,706)	(\$ 26,474)	(\$ 75,133)	(\$ 113,222)	(\$ 189,753)
Basic and diluted net loss per share	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.00)	(\$ 0.03)

**Results of Operations**

*Comparison of the three months ended September 30, 2022 to September 30, 2021*

**Revenue** – The Corporation has no revenue from operations.

**General and administrative expenses** totaled \$32,804 in 2022 as compared to \$80,179 in 2021, a decrease of \$47,375. The difference comprises of due to following expenses:

- Legal and professional fees of \$32,804 (\$78,277 in 2021)
- Filing fees of \$nil (\$1,902 in 2021)

**Other income** for the three months ended September 30, 2022 totaled \$22,239 as compared to \$5,046 in 2021. Other income comprises of interest income of \$25,232 (\$5,046 in 2021) and unrealized loss of \$2,993 (\$nil in 2021) from short term investment and deposits during the quarter.

**Net Loss for the three months** amounted to \$10,565 (\$75,133 in 2021).

*Comparison of the nine months ended September 30, 2022 to for the period from February 9, 2021 (date of incorporation) to September 30, 2021*

**Revenue** – The Corporation has no revenue from operations.

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**General and administrative expenses** totaled \$216,925 in 2022 as compared to \$383,154 in 2021, a decrease of \$166,229. The difference comprises of due to following expenses:

- Legal and professional fees of \$203,684 (\$104,771 in 2021)
- Filing fees of \$13,241 (\$19,728 in 2021)
- Stock-based compensation of \$nil (\$258,655 in 2021)

**Other income** during nine months ended September 30, 2022 totaled \$34,065 as compared to \$5,046 in the period from February 9, 2021 (date of incorporation) to September 30, 2021. Other income comprises of interest income of \$27,388 (\$5,046 in 2021) and unrealized gain of \$6,677 (\$nil in 2021) from short term investment and deposits during the period.

**Net Loss for the nine months** amounted to \$182,860 (\$378,108 in 2021).

### Additional Disclosure for Venture Issuers without Significant Revenue

Since the corporation has no revenue from operations, the following is the breakdown of the costs and other income incurred from the date of incorporation (February 9, 2021) to September 30, 2022.

	<b>Period from date of incorporation (February 9, 2021) to September 30, 2022</b>
Professional fees	\$339,178
Filing fees	\$34,266
Stock-based compensation	\$258,655
Interest income	(\$28,576)
Unrealized gain	(\$16,080)
<b>Total</b>	<b>(\$587,443)</b>

### Liquidity and Capital Resources

As of September 30, 2022 the Corporation had cash held in trust of \$110,531 (\$229,778 as of September 30, 2021) and short term investments deposits with banks totaling \$4,294,036 (\$4,254,426 as of September 30, 2021). The Corporation had current liabilities of \$139,481 (\$6,960 as of September 30, 2021) and working capital of \$4,267,911 (\$4,477,244 as of September 30, 2021).

### Outstanding Share Data

As at September 30, 2022, 60,000,000 Common Shares are issued and outstanding. Of these, 20,000,000 Common Shares are held in escrow in accordance with the Manual. In addition, there are: (a) 5,000,000 stock options outstanding, exercisable at \$0.05 per share and expiring on February 22, 2026; (b) 1,000,000 stock options outstanding, exercisable at \$0.10 per share and expiring on June 17, 2026; and (c) 3,200,000 warrants to purchase Common Shares outstanding, exercisable at \$0.10 per share and expiring on June 17, 2026.

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**Off-Balance Sheet Arrangements**

The Corporation has not had any off-balance sheet arrangements from the date of its incorporation to the date of this MD&A.

**Related Party Transactions**

The Corporation incurred stock-based compensation expense related to directors and officers valued at \$258,655 during the period from the date of incorporation (February 9, 2021) to September 30, 2021 and “nil” for the nine months period ended September 30, 2022.

**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, shares to be issued and 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.

**Risks and Uncertainties**

The following describes certain risks, events and uncertainties that could affect the Corporation and that each reader should carefully consider. Please refer to the Corporation’s final prospectus dated May 17, 2021 for additional risks, events and uncertainties that could affect the Corporation.

External financing may be required to fund the Corporation’s activities primarily through the issuance of Common Shares. There can be no assurance that the Corporation will be able to obtain adequate financing. The securities of the Corporation should be considered a highly speculative investment.

The Corporation has not generated significant revenues and does not expect to generate significant revenues in the near future. In the event that the Corporation generates significant revenues in the future, the Corporation intends to retain its earnings in order to finance further growth. Furthermore, the Corporation has not paid any dividends in the past and does not expect to pay any dividends in the foreseeable future.

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#### **Liquidity risk**

Liquidity risk is the risk that the Corporation will incur difficulties meeting its financial obligations as they are due. As of September 30, 2022, the Corporation's financial liabilities consist of account payable and accrued liabilities.

Based on the Corporation's working capital position as of September 30, 2022, management regards liquidity risk is minimum as the Corporation has positive working capital in amount of \$4,267,911 as at September 30, 2022 (\$4,477,244 as at September 30, 2021).

Corporation's liabilities are comprised of short-term liabilities.

#### **Duration of Liabilities**

	\$	September	%	September	%
	30, 2022			30, 2021	
Up to 1Y	139,481	100		6,960	100

#### **Risk Disclosures and Fair Values**

The Corporation's financial instruments, consisting of cash held in trust, investment 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.

#### **Subsequent Events**

On November 2, 2022, the Corporation and Grey Wolf announced its conditional approval of the proposed QT by the Exchange and in connection therewith filed the filing statement pursuant to the policies of the Exchange.