

FILING STATEMENT

WITH RESPECT TO

THE PROPOSED QUALIFYING TRANSACTION BETWEEN

GERMINATE CAPITAL LTD.

AND

BEACON HILL INNOVATIONS LTD.

DATED October 25, 2021

Neither the TSX Venture Exchange Inc. (the “Exchange”) nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this filing statement.

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GLOSSARY

Unless otherwise indicated, whenever used in this Filing Statement, the following words and terms have the indicated meanings or, if not defined herein, have the meanings set out in Policy 1.1 - *Interpretation* of the TSXV. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders. All dollar amounts are in Canadian dollars, unless otherwise stated.

“Affiliate” means a Company that is affiliated with another Company as described below.

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.

“Associate” when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or company,
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
 - (i) that person’s spouse or child, or
 - (ii) any relative of the person or of his spouse who has the same residence as that person;

but

- (e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company.

“Completion of the Qualifying Transaction” means the date the Final Exchange Bulletin is issued by the Exchange.

“Concurrent Offering” means the non-brokered private placement by Germinate of 5,000,000 Subscription Receipts at a price of \$0.30 per Subscription Receipt for gross proceeds to Germinate of \$1,500,000, with each one Subscription Receipt automatically convertible for no additional consideration into one Unit upon satisfaction of the Escrow Release Conditions.

“Contract” means any note, mortgage, indenture, non-governmental permit or license, franchise, lease or other contract, agreement, commitment or arrangement binding upon Target or Germinate, as the case may be.

“Control Person” means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.

“Convertible Loan” means the loan of Target in the principal amount of \$500,000 convertible upon the occurrence of certain specified events into: (i) Units of Germinate; or (ii) Target Shares, in accordance with the terms of the Convertible Loan Agreement.

“Convertible Loan Agreement” means the convertible loan agreement dated September 14, 2021 among Germinate, Target, as borrower, and the Lenders.

“CPC” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred.

“CPC Escrow Agreement” means that Form 2F escrow agreement dated April 7, 2021 between Germinate, Escrow Agent and the Principals of Germinate.

“CPC Policy” means TSXV Policy 2.4 - *Capital Pool Companies*.

“Escrow Agent” means Computershare Investor Services Inc.

“Escrowed Germinate Shares” means the 2,300,000 Germinate Shares held by Principals of Germinate and subject to the TSXV’s escrow requirements pursuant to the CPC Escrow Agreement.

“Escrow Policy” means TSXV Policy 5.4 – *Escrow, Vendor Consideration and Resale Restrictions*.

“Escrowed Proceeds” means the gross proceeds of the Concurrent Offering, held in escrow on behalf of the subscribers by Germinate, in a segregated account.

“Escrow Release Conditions” mean, collectively: (i) all conditions to the TSXV’s conditional approval of the Qualifying Transaction having been satisfied or waived (other than release of the Escrowed Proceeds); (ii) all conditions to the TSXV’s conditional approval for the listing of the Common Shares to be issued pursuant to the Concurrent Offering and the Common Shares underlying the Warrants having been satisfied or waived; and (iii) the closing of the transactions contemplated by the the Share Exchange Agreement.

“Final Exchange Bulletin” means the Exchange Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction.

“Finder’s Fee” means the cash compensation payable by Germinate to certain finders in connection with the Concurrent Offering equal to up to 7% of the gross proceeds raised from the sale of Subscription Receipts to purchasers introduced to Germinate by such finders.

“Finder’s Warrants” means the non-transferable compensation warrants payable to certain finders and exercisable to acquire that number of Germinate Shares equal to up to 7% of the aggregate number of Subscription Receipts sold to purchasers under the Concurrent Offering, exercisable for 24 from the date of issuance to acquire one Germinate Share at a price of \$0.30 per Germinate Share.

“Germinate” means Germinate Capital Ltd.

“Germinate Agent’s Warrants” means the 250,000 non-transferable agent’s warrants issued to Echelon Wealth Partners Inc. in connection with the Germinate IPO, with each such Germinate Agent’s Warrant exercisable by the holder to acquire one Germinate Share at a price of \$0.10 per Germinate Share until April 20, 2026.

“Germinate Board” means the board of directors of Germinate.

“Germinate IPO” means the initial public offering by Germinate of 2,500,000 Germinate Shares at a price of \$0.10 per share for gross proceeds of \$250,000 to purchasers in British Columbia and Alberta completed on April 20, 2021.

“Germinate Options” means options to purchase Germinate Shares.

“Germinate Shares” means the issued and outstanding common shares of Germinate.

“Germinate Shareholder” means any holder of issued and outstanding Germinate Shares.

“Governmental Entity” means any applicable:

- (i) multinational, federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, arbitral body, commission, board, bureau or agency, domestic or foreign;

- (ii) subdivision, agent, commission, board or authority of any of the foregoing;
- (iii) quasi-governmental or private body, including any tribunal, commission, regulatory agency or self-regulatory organization, exercising any regulatory, expropriation or taxing authority under or for the account of any of the foregoing, including without limitation, Securities Authorities; or
- (iv) stock exchange, including the TSXV;

“IFRS” means International Financial Reporting Standards, as adopted by the International Accounting Standards Board, as amended from time to time.

“Insider” if used in relation to an Issuer, means:

- (i) a director or senior officer of the Issuer;
- (ii) a director or senior officer of the Company that is an Insider or subsidiary of the Issuer;
- (iii) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of the Issuer; or
- (iv) the Issuer itself if it holds any of its own securities.

“Issuer” means a a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual, and its subsidiaries, which have any of its securities listed for trading on the Exchange and, as the context requires, any applicant seeking a listing of its securities on the Exchange.

“Laws” means all laws, statutes, codes, ordinances, decrees, rules, regulations, by-laws, statutory rules, principles of law, published policies and guidelines, judicial or arbitral or administrative or ministerial or departmental or regulatory judgments, orders, decisions, rulings or awards, including general principles of common and civil law, and terms and conditions of any grant of approval, permission, authority or license of any Governmental Entity, statutory body or self-regulatory authority, and the term “applicable” with respect to Laws and in the context that refers to one or more Persons, means that the Laws apply to that Person or Persons or its or their business, undertaking, property or securities and emanate from a Governmental Entity (or any other Person) having jurisdiction over the aforesaid Person or Persons or its or their business, undertaking, property or securities.

“Lenders” mean each of Pacific Opportunity Capital Ltd. and Bernard Hensel, as lenders pursuant to the Convertible Loan Agreement.

“Material Adverse Change” means any one or more changes, effects, events, occurrences or states of facts that, either individually or in the aggregate, have, or would reasonably be expected to have, a Material Adverse Effect on the relevant party on a consolidated basis.

“Material Adverse Effect” means any change, effect, event, occurrence or state of facts that, individually or in the aggregate, with other such changes, effects, events, occurrences or states of facts, is or would reasonably be expected to be material and adverse to the business, properties, operations,

results of operations or financial condition of the applicable party and its subsidiaries on a consolidated basis, except any change, effect, event, occurrence or state of facts resulting from or relating to:

- (i) the announcement of the execution of the Share Exchange Agreement or the transactions contemplated thereby or the performance of any obligation thereunder or communication by the applicable party of its plans or intentions with respect to the other party and/or any of its subsidiaries;
- (ii) changes in Canadian economy in general or the Canadian capital or currency markets in general;
- (iii) the threat, commencement, occurrence or continuation of any war, armed hostilities, acts of environmental groups, civil strife, or acts of terrorism;
- (iv) any change in applicable Laws or in the interpretation thereof by any Governmental Entity;
- (v) any change in IFRS;
- (vi) any natural disaster;
- (vii) any change relating to foreign currency exchange rates; or
- (viii) changes affecting the mining industry generally, provided that, in the case of any changes referred to in clauses (ii) to (vi) above, inclusive, such changes do not have a materially disproportionate effect on the applicable party relative to comparable companies.

“Maturity Date” means March 14, 2023.

“NI 41-101” means National Instrument 41-101 - *General Prospectus Requirements* of the Canadian Securities Administrators, as amended from time to time.

“NI 52-110” means National Instrument 52-110 - *Audit Committees* of the Canadian Securities Administrators, as amended from time to time.

“NI 58-101” means National Instrument 58-101 - *Disclosure of Corporate Governance Practices* of the Canadian Securities Administrators, as amended from time to time.

“Non Arm’s Length Party” means in relation to a company, a promoter, officer, director, other Insider or Control Person of that company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any company of which the individual is a promoter, officer, director, Insider or Control Person.

“Non Arm’s Length Parties to the Qualifying Transaction” means the Vendor(s), any Target Company(ies) and includes, in relation to Significant Assets or Target Company(ies), the Non Arm’s Length Parties of the Vendor(s), the Non Arm’s Length Parties of any Target Company(ies) and all other parties to or associated with the Qualifying Transaction and Associates or Affiliates of all such other parties.

“Non Arm’s Length Qualifying Transaction” means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction.

“Person” means a company or individual.

“Qualifying Transaction” means the transactions and corporate procedures contemplated by the Share Exchange Agreement that will result in the acquisition of Target by Germinate.

“Resulting Issuer” means Germinate after Completion of the Qualification Transaction including changing its name to "BEACN Wizardry & Magic Inc."

"Resulting Issuer Board" means the board of directors of the Resulting Issuer.

“Resulting Issuer Options” means options to purchase Resulting Issuer Shares.

“Resulting Issuer Shares” means the common shares of the Resulting Issuer to be listed under the trading symbol “BECN” following the Completion of the Qualifying Transaction.

“Resulting Issuer Warrants” means share purchase warrants exercisable to purchase Resulting Issuer Shares.

“Securities Authority” means a securities commission and/or other securities regulatory authority in a province and territory of Canada.

“SEDAR” means the System for Electronic Document Analysis and Retrieval, available at www.sedar.com.

“Share Exchange Agreement” means the share exchange agreement between Germinate, Target and the Target Shareholders made as of September 14, 2021, setting forth the terms and conditions of the Share Exchange and related transactions and corporate proceedings.

“Share Exchange” means the exchange of all of the issued and outstanding Target Shares outstanding immediately prior to closing in exchange for an aggregate of 32,151,003 Resulting Issuer Shares, to be distributed to the Target Shareholders, *pro rata* their proportionate interest in Target immediately prior to closing, all in accordance with the provisions of the Share Exchange Agreement.

“Significant Assets” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions would result in the CPC meeting the initial listing requirements of the Exchange.

“Sponsor” has the meaning specified in Exchange Policy 2.2 – Sponsorship and Sponsorship Requirements.

“Subscription Receipts” means subscription receipts of Germinate offered pursuant to the Concurrent Offering and convertible into Units.

“Surplus Escrow Agreement” means the escrow agreement in TSXV Form 5D to which securities held by the Surplus Escrowed Shareholders will be subject, to be entered into in conjunction with the Qualifying

Transaction in accordance with the Escrow Policy, among Germinate, the Escrow Agent and the Surplus Escrowed Shareholders.

“Surplus Escrowed Shareholders” means Daniel Davies, Criag Fraser, Jim Elliott, Robert J. Doyle and their Affiliates.

“Target” or **“BEACN”** means Beacon Hill Innovations Ltd.

“Target Board” means the board of directors of Target.

“Target Company” means a company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

“Target Shareholder” means any holder of issued and outstanding Target Shares.

“Target Shares” means the issued and outstanding common shares of Target.

“Transfer Agency Agreement” means the transfer agent, registrar and dividend disbursement agreement dated January 31, 2021 between the Company and Computershare Investor Services Inc.

“TSXV” or **“Exchange”** means the TSX Venture Exchange.

“Unit” means a unit of Germinate consisting of one Germinate Share and one-half of one Warrant.

“Value Escrow Agreement” means the escrow agreement in TSXV Form 5D to which securities held by the Value Escrowed Shareholders will be subject, to be entered into in conjunction with the Qualifying Transaction in accordance with the Escrow Policy, among Germinate, the Escrow Agent and the Value Escrowed Shareholders.

“Value Escrowed Shareholders” means Novas Capital Corp., David Howard, John H. Fraser, Lars Christensen, Luke Zaoral, Calvin Ma, Gerry Kurz, Kyler Short, John Hortsman and their Affiliates.

“Vendors” means one or all of the beneficial owners of the Significant Assets (other than a Target Company(ies)).

“Warrant” means a common share purchase warrant of Germinate, exercisable to acquire one Germinate Share for a period of 24 months from the date of issuance at an exercise price of \$0.60 per Germinate Share.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

This Filing Statement contains forward-looking statements that relate to the current expectations and views of future events of Germinate and Target. In some cases, but not necessarily in all cases, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “targets”, “expects” or “does not expect”, “is expected”, “an opportunity exists”, “is positioned”, “estimates”, “intends”, “assumes”, “anticipates” or “does not anticipate” or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might”, “will” or “will be taken”, “occur” or “be achieved”. In addition, any statements that refer to expectations, predictions, indications, projections or other characterizations of future events or circumstances contain forward-looking information. Statements containing forward-looking information

are not historical facts but instead represent management's expectations, estimates and projections regarding future events.

Forward-looking statements relating to Target, Germinate, and the Resulting Issuer include, among other things, statements relating to:

- the completion, expenses and timing of the closing of the Qualifying Transaction;
- the completion, expenses and timing of closing of the Convertible Loan Agreement;
- the completion, expenses and timing of the closing of the Concurrent Offering;
- future financial or operating performance and condition of the Resulting Issuer, including its ability to continue as a going concern;
- the intended use of the net proceeds of the Concurrent Offering and the Convertible Loan;
- the adequacy of the Resulting Issuer's financial resources and the availability and terms of additional debt or equity financing;
- TSXV approval of the Qualifying Transaction;
- timing, receipt and maintenance of required approvals, consents and permits under applicable legislation; and
- legal, taxation, socio-economic, community relations or political issues that may adversely affect the current operations of Target and the anticipated operations of the Resulting Issuer.

These statements and other forward-looking information are based on opinions, assumptions and estimates made by Target and Germinate in light of their experience and perception of historical trends, current conditions and expected future developments, as well as other factors that Target and Germinate believe are appropriate and reasonable in the circumstances, as of the date of this Filing Statement, including, without limitation, the ability to raise any necessary additional capital on reasonable terms to pursue planned business development; the Resulting Issuer's competitive advantages; continuity of contractor and supplier relationships; favourable operating conditions, including that the Resulting Issuer will be able to operate in a safe, efficient and effective manner; the receipt and maintenance of governmental and third party approvals, licenses and permits on favourable terms; stability in financial and capital markets; and the accuracy of the accounting estimates and judgments of Target and Germinate.

There can be no assurance that such estimates and assumptions will prove to be correct. In addition, if any of the assumptions or estimates made by management prove to be incorrect, actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking information contained in this Filing Statement. Although each of Target and Germinate believe that the assumptions underlying the statements related to Target and Germinate, respectively, are reasonable, they may prove to be incorrect.

Forward-looking information is necessarily based on a number of opinions, assumptions and estimates that, while considered reasonable by Target and Germinate as of the date such statements are made, are subject to known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, level of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking information, including but not limited to the following factors, as described in greater detail under the heading "*Risk Factors*": a number of conditions

precedent must be satisfied for the Qualifying Transaction to proceed; the Qualifying Transaction may not be completed; future requirements for and the ability to access additional capital; limited operating history of Target and Germinate; commodity prices; negative operating cash flow; governmental risks and hazards; changes in technology and the results on future demand and an inability to hedge exposure; a dependence on key personnel; insurance risks; competition; legal proceedings and the enforceability of judgments; anti-corruption and bribery regulations; conflicts of interest; current global financial conditions; price volatility; absence of a market for the Resulting Issuer Shares; the potential for additional dilution; risks associated with becoming a public company including financial reporting and other public company requirements; currency exchange rate risks; risks associated with the payment of dividends; the use of available funds by the Resulting Issuer could differ from those uses presented in this Filing Statement; and the publication of unfavourable research or reports on the Resulting Issuer, each of which could impact the price of the Resulting Issuer Shares.

Although Target and Germinate have attempted to identify important factors that could cause actual actions, events, conditions, results, performance or achievements to differ materially from those described in forward-looking information, there may be other factors that cause actions, events, conditions, results, performance or achievements to differ from those anticipated, estimated or intended. See "*Risk Factors*" for a discussion of certain factors investors should carefully consider before deciding to invest in Resulting Issuer Shares.

These factors and assumptions are not intended to represent a complete list of the factors and assumptions that could affect the Resulting Issuer. Given these risks, uncertainties and assumptions, investors should not place undue reliance on forward-looking information. These factors and assumptions, however, should be considered carefully.

An investor should read this Filing Statement with the understanding that the actual future results of Target, Germinate and the Resulting Issuer may be materially different from what is expected.

All of the forward-looking information in this Filing Statement (including any schedules and appendices) is expressly qualified by these cautionary statements. Statements containing forward-looking information contained herein are made only as of the date of this Filing Statement. Target and Germinate expressly disclaims any obligation to update or alter statements containing any forward-looking information, or the factors or assumptions underlying them, whether as a result of new information, future events or otherwise, except as required by law. Investors should read this entire Filing Statement and consult their own professional advisors to assess the income tax consequences, risk factors and other aspects connected to the Qualifying Transaction.

SOURCE OF INFORMATION

The information contained in this Filing Statement with respect to Target (and any information with respect to the Resulting Issuer that is dependent upon the information with respect to Target) has been furnished by Target. Germinate and its directors and officers have relied on the information relating to the Target furnished by Target and assume no responsibility for any errors in such information or omissions therefrom. Similarly, neither Target nor its directors or officers assume any responsibility for any errors in the information contained herein or omissions therefrom with respect to Germinate or any information with respect to the Resulting Issuer or omissions therefrom that is dependent upon information with respect to Germinate.

NOTICE TO INVESTORS

Date of Information

Unless otherwise stated, the information contained in this Filing Statement is given as of October 25, 2021.

Reporting Currencies

All dollar amounts set forth in this Filing Statement are in Canadian dollars, except where otherwise indicated. In this Filing Statement, references to “\$”, “dollars” or “Canadian dollars” are to Canadian dollars.

SUMMARY

The following is a summary of certain information relating to Germinate, Target and the Resulting Issuer (assuming Completion of the Qualifying Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement.

The Companies

Beacon Hill Innovations Ltd.

Target was incorporated under the *Business Corporations Act* (British Columbia) (the “**BCBCA**”) on February 7, 2020. The head office of Target is located at 301 – 3450 Uptown Blvd., Victoria, BC, V8Z 0B9, and the registered office is located at 410 – 325 Howe Street, Vancouver, BC V6C 1Z7.

Target’s principal business focus is addressing the audio and technical needs of online content creators and gamers. Target's business activity since incorporation has been the development of its initial products, the BEACN Mic, the BEACN Mix and the BEACN Mix Create.

See “*Part III – Information Concerning Target*”.

Germinate Capital Ltd.

Germinate was incorporated pursuant to the provisions of the BCBCA on August 14, 2020. The head office of Germinate is located at 410 – 325 Howe Street, Vancouver, BC, V6C 1Z7, and the registered office is located at 10th Floor, 595 Howe St., Vancouver, BC, V6C 2T5.

Germinate completed its initial public offering on April 20, 2021. Germinate is classified as a CPC for the purposes of TSXV Policy 2.4, and its shares are listed for trading on the TSXV under the stock symbol “GCAP.P”. Germinate’s current business is to identify and evaluate other businesses and assets with a view to the acquisition thereof or participation therein in accordance with TSXV qualifying transaction rules. Until Germinate completes a qualifying transaction, such as the Qualifying Transaction, Germinate may not carry on any other business.

With the consent of the TSXV, Germinate may take steps to raise additional funds in order to finance its execution of the Qualifying Transaction. If Germinate fails to complete the Qualifying Transaction, or any qualifying transaction pursuant to TSXV rules, the TSXV may delist or suspend the Germinate Shares from trading. In the event that Germinate is de-listed, then the Germinate Shares issued to its directors and officers prior to the completion of its initial public offering would be cancelled.

See “*Part II – Information Concerning Germinate*”.

Terms of the Qualifying Transaction

On June 29, 2021, Germinate and Target entered into a letter of intent (the “LOI”) pursuant to which the parties set out the principal terms upon which Germinate would acquire all of the issued and outstanding securities of Target. On September 14, 2021 Germinate and Target entered into the definitive Share Exchange Agreement with respect to the proposed Qualifying Transaction.

To give effect to the Qualifying Transaction, Germinate will acquire all of the issued and outstanding Target Shares from the Target Shareholders in exchange for Germinate issuing one Germinate Share for each Target Share held by Target Shareholders for an aggregate issuance of 32,151,003 Germinate Shares at a deemed price of \$0.16 per Germinate Share. Prior to or concurrent with the Completion of the Qualifying Transaction, Germinate will change its name to “BEACN Wizardry & Magic Inc.” or such other similar name as the parties may agree and which is acceptable to the TSXV and other applicable regulatory authorities.

In connection with the Qualifying Transaction, Germinate completed the Concurrent Offering on September 23, 2021 to raise aggregate gross proceeds of \$1,500,000.

Upon Completion of the Qualifying Transaction, Target will be a wholly owned subsidiary of the Resulting Issuer.

See “Part IV – Information Concerning the Qualifying Transaction”.

Interests of Insiders, Promoters or Control Persons

Upon Completion of the Qualifying Transaction, it is expected that the management of the Resulting Issuer will consist of Craig Fraser (Chief Executive Officer), Daniel Davies (President and Chief Technology Officer) and Robert J. Doyle (Chief Financial Officer and Corporate Secretary). It is further expected that the Resulting Issuer Board will consist of Daniel Davies, Craig Fraser, Mark Brown and Sarah Weber. All officers of Germinate and one director, Alexandre Heath, will resign in connection with the closing of the Qualifying Transaction.

Daniel Davies and Craig Fraser may each be considered a “promoter” of the Resulting Issuer for the purposes of applicable securities laws.

The ownership (directly or indirectly) by Insiders, Promoters and Control Persons of Germinate with respect to Germinate Shares is, and the ownership (directly or indirectly) by Insiders, Promoters and Control Persons of the Resulting Issuer with respect to Resulting Issuer Shares, will be, in each case on a fully-diluted basis, as follows:

Insider, Promoter or Control Person	Germinate Common Shares (Prior to Giving Effect to the Qualifying Transaction and the Concurrent Offering)		Resulting Issuer Shares (After Giving Effect to the Qualifying Transaction and the Concurrent Offering ⁽¹⁾)	
	Number	Percentage ⁽²⁾	Number	Percentage ⁽³⁾
Craig Fraser <i>Chief Executive Officer and Director</i>	Nil	0.00%	4,000,000	7.86%
Daniel Davies <i>President, Chief Technology Officer and Director</i>	Nil	0.00%	4,000,000	7.86%
Robert J. Doyle <i>Chief Financial Officer and Corporate Secretary</i>	Nil	0.00%	68,000	0.13%
Jim Elliott <i>Control Person</i>	Nil	0.00%	8,509,334 ⁽⁵⁾	16.72%
Mark Brown <i>Director</i>	1,500,000	31.25%	2,375,666 ⁽⁴⁾	4.67%
Sarah Weber <i>Director</i>	300,000	6.25%	300,000	0.59%
Winnie Wong <i>Chief Financial Officer</i>	200,000	4.17%	200,000	0.39%
Alexandre Heath <i>Director</i>	300,000	6.25%	300,000	0.59%

Notes:

- (1) Assumes the: (i) completion of the Concurrent Offering for aggregate gross proceeds of \$1,500,000 and the conversion of the Subscription Receipts; and (ii) the conversion of the Convertible Loan into 1,666,667 Units.
- (2) Calculated on a non-diluted basis, based on 4,800,000 Germinate Shares issued and outstanding.
- (3) Based on 50,878,478 Resulting Issuer Shares outstanding on a fully diluted basis after giving effect to: (i) the issuance of 32,151,003 Resulting Issuer Shares pursuant to the Qualifying Transaction; (ii) the issuance of 1,666,667 Resulting Issuer Shares on conversion of the Convertible Loan; (iii) the issuance of 5,000,000 Resulting Issuer Shares on conversion of the Subscription Receipts issued pursuant to the Concurrent Offering; and (iv) assuming conversion of the following convertible securities: (A) 3,600,000 Resulting Issuer Options; (B) 250,000 Germinate Agent's Warrants; (C) 77,475 Finder's Warrants; and (D) 3,333,333 Warrants subject to issuance upon conversion of the Subscription Receipts and Convertible Loan.
- (4) Includes 500,000 Germinate Shares held by Mr. Brown directly, 1,000,000 Germinate Shares held by Pacific Opportunity Capital Ltd., a company controlled by Mr. Brown, 833,333 Resulting Issuer Shares to be issued to Pacific Opportunity Capital Ltd. on conversion of the Convertible Loan and 42,333 Resulting Issuer Shares to be issued to Mr. Brown on conversion of Subscription Receipts issued pursuant to the Concurrent Offering.
- (5) Includes 2,858,000 Resulting Issuer Shares held by Athone Ltd., a company controlled by Mr. Elliott.

See "Part III - Information Concerning Germinate" and "Part V – Information Concerning the Resulting Issuer – Directors, Officers and Promoters".

Arm's Length Qualifying Transaction

The Qualifying Transaction is not a Non Arm's Length Qualifying Transaction in accordance with the policies of the TSXV.

Available Funds and Principal Purposes

Available Funds

As of September 30, 2021, the most recent month end prior to the date of this Filing Statement, Germinate had working capital of approximately \$1,640,000 and Target had working capital of approximately \$1,704,000. The consolidated pro forma working capital position of the Resulting Issuer is \$3,484,207.

As a result, as at the date of this Filing Statement, the estimated funds available to the Resulting Issuer after giving effect to the Qualifying Transaction and the Concurrent Offering, prior to deducting the expenses of the Qualifying Transaction and the Concurrent Offering, are approximately \$3,267,699.

Principal Purposes

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use the total available funds and the funds from the Concurrent Offering over the 12 months following the Completion of the Qualifying Transaction.

Item	Budgeted Expenditures
Costs of Germinate and Target to complete the Qualifying Transaction ⁽¹⁾	\$330,743
General and administrative expenses for the next 12 months	\$1,588,000 ⁽²⁾
Marketing, Research & Development	\$790,000 ⁽³⁾
Unallocated working capital	\$558,956
Total	\$3,267,699

Notes:

- (1) Includes Finder's Fee of \$23,242.52 payable in connection with the Concurrent Offering and a total of \$7,500 payable in connection with the Convertible Loan.
- (2) The general and administrative expenses are comprised of salaries & benefits (\$1,150,000) consulting fees (\$140,000), audit fees (\$35,000), legal fees (\$120,000), annual filing fees (\$25,000), transfer agent fees (\$12,000), insurance (\$15,000), rent (\$46,000), and other general and administrative expenses (\$45,000).
- (3) The marketing and research & development expenses are comprised of marketing (\$210,000) and research & development (\$580,000).

There may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management of the Resulting Issuer will have broad discretion in the application of the working capital. The actual amount that the Resulting Issuer spends in connection with each intended purpose set out above may vary

significantly from the amounts specified above and will depend on a number of factors, including those referred to under “Part I - Risk Factors”.

See “Part V – Information Concerning the Resulting Issuer”.

Selected Pro Forma Financial Information

The following table sets out selected financial information for each of Germinate and Target, as well as unaudited pro forma financial information for the Resulting Issuer on a consolidated basis, in the case of Germinate as of May 31, 2021 and in the case of Target as of June 30, 2021, after giving effect to the Qualifying Transaction. The following information should be read in conjunction with the financial statements set out in the Exhibits hereto.

	Target	Germinate	Pro Forma Adjustments ⁽¹⁾	Pro Forma Consolidated
Cash and cash equivalents	\$978,647	\$289,052	\$1,669,257	\$2,936,956
Total assets (including non-current assets)	\$2,355,723	\$292,723	\$Nil	\$4,317,703
Total liabilities (including non-current liabilities)	\$771,696	\$49,730	\$Nil	\$821,426
Shareholders’ Equity	\$1,584,027	\$242,993	\$1,669,257	\$3,496,277

Note:

(1) The unaudited pro-forma consolidated financial statements reflect the following assumptions and adjustments: (a) transaction costs associated with the Qualifying Transaction are estimated to be \$300,000, which comprises accounting and legal fees, listing fees, consulting fees and all other fees related to closing; (b) \$500,000 principal amount of the Convertible Loan; (c) the set-up fee of \$1,250 and estimated interest on the Convertible Loan of \$6,250; and (d) release of the Escrowed Proceeds of \$1,476,757 to the Resulting Issuer upon satisfaction of the Escrow Release Conditions, net of the cash finder’s fee of \$23,243.

Details Respecting Germinate’s TSXV Listing

On April 20, 2021, Germinate completed an Initial Public Offering (“IPO”) and issued 2,500,000 Germinate Shares for gross proceeds of \$250,000. The Germinate Shares were listed on the TSXV on April 20, 2021 and commenced trading on April 22, 2021 under the symbol GCAP.P. There are currently 4,800,000 Germinate Shares issued and outstanding. Target Shares are not listed on any stock exchange and there is currently no public market for the securities of Target.

Market Price of Germinate Shares

The closing price on the TSXV of Germinate Shares on June 28, 2021, the last completed trading day prior to the announcement of the Qualifying Transaction, was \$0.21 per Germinate Share. Trading of the Germinate Shares on the TSXV has been halted since June 29, 2021.

See “Part II – Information Concerning Germinate – Stock Exchange Price.”

Conditional Listing Approval

The TSXV has conditionally accepted the Qualifying Transaction subject to Germinate fulfilling all of the requirements of the TSXV on or before January 6, 2022. The TSXV has conditionally approved the listing of the Resulting Issuer Shares under the symbol "BECN".

Conflicts of Interest

Certain directors and officers of Germinate and Target are or may become associated with other companies which may give rise to conflicts of interest. The directors and some of the officers of the Germinate and Target have either other full-time employment or other business or time restrictions placed on them and accordingly, Germinate and Target will not be the only business enterprise of these directors and officers. See "*Directors and Executive Officers - Conflicts of Interest*".

Experts

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of Germinate or Target or of an Associate or Affiliate of Germinate or Target, respectively, and no such person is expected to be elected, appointed or employed as a director, officer or employee of Germinate or Target or of an Associate or Affiliate of Germinate or Target, respectively.

Risk Factors

The current business of Target will be the business of the Resulting Issuer upon Completion of the Qualifying Transaction. Target's future development and operating results may be very different from those expected as at the date of this Filing Statement. Readers should carefully consider the risks related to Target's and the Resulting Issuer's future performance. See "*Part I – Risk Factors*".

Risk factors relating to Target and the Resulting Issuer include, but are not limited to, the following:

- Risks relating to the Resulting Issuer's business including:
 - uncertainty of additional capital;
 - limited operating history;
 - negative operating cash flow;
 - governmental regulations;
 - reliance on key personnel;
 - operating risk and insurance coverage;
 - competition;
 - legal proceedings and enforceability of judgments;
 - anti-corruption and bribery regulations;
 - conflicts of interest;
 - current global economic conditions; and
 - risks associated with disease outbreaks, including the COVID-19 pandemic;
- Risks relating to the ownership of Resulting Issuer Shares:
 - potential volatility of share price;
 - no assurance of active market for shares;
 - dilution of shareholders of the Resulting Issuer;

- risks associated with becoming a public company;
- currency fluctuations;
- dividend policy;
- differences in the actual use of proceeds from any financing transaction; and
- publication of inaccurate or unfavourable research and reports;
- Risks relating to the Qualifying Transaction:
 - conditions precedent to proposed Qualifying Transaction;
 - risk that Qualifying Transaction may not be completed;
 - risks relating to lack of operating history; and
 - risks relating to management conflicts of interest.

PART I - RISK FACTORS

Target's current business will be the Resulting Issuer's business upon Completion of the Qualifying Transaction. An investment in the securities of the Resulting Issuer involves significant risks. Additional risks and uncertainties not presently known to Germinate and Target or that Germinate and Target currently consider immaterial may also impair the business and operations of the Resulting Issuer and cause the trading price of the Resulting Issuer Shares to decline. If any of the following or other risks occur, the Resulting Issuer's business, prospects, financial condition, results of operations and cash flows could be materially adversely impacted. In that event, the trading price of the Resulting Issuer Shares could decline and shareholders could lose all or part of their investment. There is no assurance that risk management steps taken will avoid future loss due to the occurrence of the risks described below or other unforeseen risks.

As used in this section "Risk Factors", references to "Target" in connection with risks to which Target may be subject following the Completion of the Qualifying Transaction should be considered to be risk factors affecting the Resulting Issuer.

Risks Relating to the Resulting Issuer's Business and the Qualifying Transaction

Limited Operating History

Target is in the early stages of its development and has a limited history of operations and has to-date limited earnings. The success of the Resulting Issuer will depend, among other things, upon the Resulting Issuer's ability to successfully develop and manage its business. There can be no assurance that the Resulting Issuer will be able to generate significant net income, or become profitable. Accordingly, the holding of the securities of the Resulting Issuer must therefore be regarded as the holding of funds at a high risk and in an unproven venture with all the unforeseen costs, expenses, problems, and difficulties to which such ventures are subject.

Early Stage of Sales and Marketing

Target is beginning marketing and sales in September 2021 and has not made any sales to-date. The Resulting Issuer expects to spend a significant amount of capital to market its products as well as fund research and development on future product development. As a result, the Resulting Issuer expects that its operating expenses will continue and, consequently, it will need to generate significant revenues to become profitable. Even if the Resulting Issuer does become profitable, it may not be able to sustain or increase profitability on a quarterly or annual basis. The Resulting Issuer cannot predict when, if ever, it will be profitable. There can be no assurances that the products and intellectual property of Target will meet applicable regulatory standards, obtain required regulatory approvals, be capable of being produced in commercial quantities at reasonable costs, or be successfully marketed.

Additional Financing

The Resulting Issuer may require additional financing in order to grow and expand its operations. The Resulting Issuer's ability to access additional capital will depend on its success in its business and the status of the capital markets at the time such capital is sought. Accordingly, there can be no assurance that capital will be available to the Resulting Issuer from any source or that, if available, it will be at prices or on terms acceptable to the Resulting Issuer. Future financing may take many forms, which

could include debt or equity financing and could alter the current debt to equity ratio or be dilutive to the shareholders of the Resulting Issuer and could result in a change of control of the Resulting Issuer.

Competition

The computer peripherals market is competitive. The Resulting Issuer will compete with many other companies that produce and/or sell similar products throughout the world, many of whom are well established and have far greater financial and operational resources than the Resulting Issuer.

Uncertain Market

Target believes that the anticipated market for its products will continue to exist and expand. These assumptions may prove to be incorrect for a variety of reasons, including competition from other products and the degree of commercial viability of the potential products offered.

Negative Cash Flow

The Resulting Issuer has limited revenue and must principally rely on the sale of equity or debt financing to fund operating expenses. As such, Target had negative operating cash flow for the period from the date of incorporation on February 7, 2020 to December 31, 2020 and negative operating cash flow for the period ended June 30, 2021. The Resulting Issuer anticipates that it will continue to have negative operating cash flow for the foreseeable future and that it will need to allocate a portion of its cash reserves to fund such negative cash flow. The Resulting Issuer may also be required to raise additional funds through the issuance of equity or debt securities. There can be no assurance that additional capital or other types of financing will be available when needed or that any financing will be on terms favourable to the Resulting Issuer.

Manufacturing Capability

The Resulting Issuer has only recently completed moulds processes and is currently expecting delivery of pre-production samples with respect to manufacturing, both in Canada and China. To be successful, a product must be manufactured and packaged in commercial quantities in compliance with regulatory requirements and in reasonable time frames and at acceptable costs. No assurance can be given that the Resulting Issuer or its suppliers will be able to meet the supply requirements of the Resulting Issuer in respect of the product manufacturing. If the Resulting Issuer is unable to manufacture its products in sufficient quantities, this would have a material adverse effect on the financial conditions and result of operation of the Resulting Issuer.

To be successful, an approved product must also be successfully marketed. Target has only recently developed its capability to market its products. There can be no assurance that the Resulting Issuer can market, or can enter into a satisfactory arrangement with a third party to market a product in a manner that would assure its acceptance in the market place. Should the Resulting Issuer not establish marketing and distribution strategic partnerships and collaborative arrangements on acceptable terms, and undertake some or all of those functions, the Resulting Issuer will require significant additional human and financial resources and expertise to undertake these activities, the availability of which is not guaranteed.

The Resulting Issuer will rely on third parties for the timely supply of raw materials, equipment, contract manufacturing, and formulation or packaging services. Although the Resulting Issuer intends to establish

and manage these third party relationships to ensure continuity and quality, some events beyond the Resulting Issuer's control could result in complete or partial failure of these goods. Any such failure could have a material adverse effect on the financial conditions and result of operation of the Resulting Issuer.

Raw Materials and Product Supply

Raw materials and supplies are generally available in quantities to meet the needs of the Resulting Issuer's business. The Resulting Issuer will be dependent on third-party manufacturers for some of the products that it markets. An inability to obtain raw materials or product supply could have a material adverse impact on the Resulting Issuer business, financial condition and results of operations. The impact of COVID is beyond the control of the Company and could impact the availability of critical components.

Intellectual Property

Target's success depends to a significant degree upon its ability to develop, maintain and protect proprietary products and technologies. At the present time, Target currently has no patents. The Company will evaluate the filing of patents in Canada and the United States and potentially in other foreign countries as part of its strategy to protect its proprietary products and technologies. However, patents provide only limited protection of the intellectual property.

The assertion of patent protection involves complex legal and factual determinations and is therefore uncertain and expensive. The Company cannot provide assurances that it will apply for any patents or that any patents that it applies for will be granted, that the scope of any patents that it applies for will be sufficiently broad to offer meaningful protection, or that it will develop additional proprietary technologies that are patentable. Any patents that the Company obtains could be successfully challenged, invalidated or circumvented. This could result in patent rights failing to create an effective competitive barrier. Losing a significant patent or failing to get a patent to issue from a pending patent application that is considered significant could have a material adverse effect on the Company's business. The laws governing the scope of patent coverage in various countries continue to evolve. The laws of some foreign countries may not protect the Company's intellectual property rights to the same extent as the laws of Canada and the United States.

Operating Permits and Licenses

The operations of the Resulting Issuer may require licenses and permits from various governmental authorities, including foreign governments and their respective regulating agencies. There can be no assurance that the Resulting Issuer will be able to obtain all necessary licenses and permits that may be required to carry out its business plan or that such licenses and permits can be obtained within required timelines or at reasonable costs.

Success of Products is Dependent on Public Taste

The Resulting Issuer's revenues are substantially dependent on the success of its products, which depends upon, among other matters, pronounced and rapidly changing public tastes, factors which are difficult to predict and over which the Resulting Issuer has little, if any, control. A significant shift in consumer demand away from such products or its failure to expand its current market position will

harm its business. Consumer trends change based on a number of possible factors, including the performance of the products, a change in consumer preferences or general economic conditions.

Brand Awareness

The Resulting Issuer must develop successful marketing, promotional and sales programs in order to sell its retail products. If the Resulting Issuer is not able to develop successful marketing, promotional and sales programs, then such failure will have a material adverse effect on the business, financial condition and operating results.

Product Recall

The sale of products involves inherent risks. The Resulting Issuer could decide to, or be required to, recall products due to suspected or confirmed issues with the product.

Reliance on Management's Expertise

Shareholders will have no advance opportunity to evaluate the merits and risks of any future acquisitions made by the Resulting Issuer and will need to rely on the experience and judgment of the Resulting Issuer's management. There can be no assurance that any such acquisitions will be successfully completed. Therefore, the future profitability of the Resulting Issuer will depend to some degree upon the ability of its management to identify and complete viable acquisitions.

Dependence on Key Personnel

The Resulting Issuer will be highly dependent upon the participation of its key personnel and while it believes that it could find replacements for these key personnel, the loss of their services and the inability of the Resulting Issuer to attract and retain qualified and experienced personnel may materially affect the ability of the Resulting Issuer to operate and expand. It is prudent to note that the Resulting Issuer will not initially have (and may never have) any key man insurance.

Government Regulations

The Resulting Issuer and its target customers may be subject to various laws, regulations, regulatory actions and court decisions that may have negative effects on the Resulting Issuer. Changes in the regulatory environment imposed upon the Resulting Issuer or its target customers could adversely affect the ability of the Resulting Issuer to attain its corporate objectives.

Risk of Third Party Claims for Infringement

A third party may claim that the Resulting Issuer has infringed such third party's rights or may challenge the intellectual property rights of the Resulting Issuer or any of the parties through which the Company acquires future interests and rights. In such event, the Resulting Issuer may be reliant upon some or all of the foregoing parties to defend the rights that the Company has acquired. Any claim, whether or not with merit, could be time consuming to evaluate, result in costly litigation, and cause delays in the operations of the Resulting Issuer or hinder its expansion or future commercial operations or require the Resulting Issuer to enter into licensing agreements that may require the payment of a license fee or royalties to the party claiming to be the owner of the intellectual property. Such royalty or licensing agreements, if required, may not be available on terms acceptable to the Resulting Issuer.

Changes in Technology

Changes in available technology and the effects of such changes, including product substitutions and deployment costs, could affect the Resulting Issuer's business and the Resulting Issuer's financial results could be materially adversely affected.

Potential for Conflict of Interest

Certain of the directors and officers of the Resulting Issuer are also directors and officers of other companies or are engaged and will continue to be engaged in activities that may put them in conflict with the business strategy of the Resulting Issuer. Consequently, there exists the possibility for such directors and officers to be in a position of conflict. All decisions to be made by such directors and officers involving the Resulting Issuer are required to be made in accordance with their duties and obligations to act honestly and in good faith with a view to the best interests of the Resulting Issuer. In addition, such directors and officers are required to declare their interests in, and such directors are required to refrain from voting on, any matter in which they may have a material conflict of interest.

General Uninsured Losses

The Resulting Issuer will carry comprehensive general liability, fire, flood and extended coverage insurance with policy specifications, limits and deductibles customarily carried by similar companies. The Resulting Issuer may also self-insure a portion of certain of these risks. There are, however, certain types of risks which are either uninsurable or not insurable on an economically viable basis. Should an uninsured or under insured loss occur, the Resulting Issuer could lose its investment in, and anticipated profits and cash flows.

Product Defects

The Resulting Issuer's products are complex and sophisticated and may contain design defects or errors that are difficult to detect and correct. If any of the Resulting Issuer's products prove defective, the Resulting Issuer may be required to redesign or recall such products and may be liable to account for any damage that such products have caused. Any such redesign or recall could cause the Resulting Issuer to incur significant expenses, disrupt sales and adversely affect the reputation of the Resulting Issuer and its products, which could adversely impact its revenue, operating results and profitability.

Foreign Exchange Risk

A portion of the Resulting Issuer's revenue is initially expected to be earned in foreign currencies (in particular, in United States dollars). Fluctuations in the exchange rate between such currencies and the Canadian dollar may have a material adverse effect on the Resulting Issuer's business, financial condition and operating results.

Management of Growth

The Resulting Issuer may be subject to growth-related risks, capacity constraints and pressure on its internal systems and controls, particularly given the early stage of the Resulting Issuer's development. The ability of the Resulting Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expend, train and manage its employee base.

The inability of the Resulting Issuer to deal with this growth could have a material adverse impact on its business, operations and prospects.

Issue of Debt

From time to time, the Resulting Issuer may enter into transactions to acquire assets or the shares of other companies. These transactions, as well as ongoing operations and capital programs, may be financed partially or wholly with debt, which may increase the Resulting Issuer's debt levels above industry standards. The Resulting Issuer's articles do not limit the amount of indebtedness that the Resulting Issuer may incur. The level of the Resulting Issuer's indebtedness from time to time could impair the Resulting Issuer's ability to obtain additional financing in the future on a timely basis to properly operate its assets and to take advantage of business opportunities that may arise.

Risks to Germinate Shareholders Relating to the Qualifying Transaction

Conditions Precedent to the Proposed Transaction

If the conditions precedent to the completion of the Share Exchange are not satisfied or waived, as applicable, Germinate will continue to be a CPC governed by the CPC Policy and will continue to pursue a qualifying transaction in accordance with the CPC Policy. The Germinate Shares were listed on the TSXV on April 20, 2021. Pursuant to the policies of the TSXV, a CPC has 24 months from the date of listing to complete a Qualifying Transaction or its shares may be suspended from trading.

The Transaction May Not be Completed

The Qualifying Transaction is subject to final acceptance of the TSXV. There can be no assurance(s) that the necessary regulatory approvals will be obtained. If the Qualifying Transaction is not completed for these reasons or for any other reason(s), Germinate will have incurred significant costs associated with the failed implementation of the Qualifying Transaction.

Furthermore, Germinate has only limited funds with which to identify and evaluate potential qualifying transactions and there can be no assurance that Germinate will be able to identify a suitable qualifying transaction in the future. Even if a proposed qualifying transaction is identified in the future, there can be no assurance that Germinate will be able to successfully complete such transaction and the completion of such other qualifying transaction is subject to a number of conditions including acceptance by the TSXV and, in the case of a non arm's length qualifying transaction, approval of the majority of the minority shareholders.

Operating History

Germinate has no assets other than cash. Germinate has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until completion of a Qualifying Transaction, Germinate is not permitted to carry on any business other than the identification and evaluation of potential transactions.

Management and Conflicts of Interest

The ability of Germinate to successfully complete a qualifying transaction is dependent on the performance of its current directors and officers, who devote only a portion of their time to the business and affairs of Germinate and are, or will be, engaged in other projects or businesses. Some of the

current directors and officers of Germinate also serve as directors and/or officers of other companies which may compete with Germinate in its search for the businesses or assets targeted in order to complete a qualifying transaction. Accordingly, situations may arise where certain directors and officers of Germinate are in a position of conflict with Germinate.

PART II - INFORMATION CONCERNING GERMINATE

Name and Incorporation

Germinate Capital Ltd. was incorporated pursuant to the provisions of the BCBCA on August 14, 2020. The head office of Germinate is located at 410 – 325 Howe Street, Vancouver, BC, V6C 1Z7, and the registered office is located at 10th Floor, 595 Howe St., Vancouver, BC, V6C 2T5. In connection with the Qualifying Transaction, Germinate will change its name to “BEACN Wizardry & Magic Inc.”, or such other similar name as the parties may agree and which is acceptable to the TSXV and other applicable regulatory authorities.

General Development of the Business

Germinate completed its initial public offering on April 20, 2021 as a CPC and to date has not carried on any operations. Its principal business has been to identify and evaluate businesses and assets with a view to completing a TSXV qualifying transaction and, having identified and evaluated such opportunities, to negotiate an acquisition or participation subject to acceptance by the TSXV.

On June 29, 2021, Germinate entered into a binding LOI with Target that set out the principal terms of a proposed Qualifying Transaction. On September 14, 2021 Germinate and Target entered into the definitive Share Exchange Agreement with respect to the proposed Qualifying Transaction.

On September 14, 2021, Germinate entered into the Convertible Loan Agreement with Target and the Lenders. See “*Information Concerning Target – General Development of the Business*” for a description of the Convertible Loan Agreement.

Selected Consolidated Financial Information and Management’s Discussion and Analysis

Selected Financial Information

The following table sets out selected historical financial information for Germinate for the periods indicated. Such information is derived from the unaudited financial statements for the period ended May 31, 2021 and the audited financial statements for the period ended November 30, 2020, and should be read in conjunction with such financial statements. See Exhibit “A” and Exhibit “B” attached hereto.

	For the Period Ended May 31	For the Period Ended November 30
	2021	2020
Income Statement Data		
Total Expenses	\$43,062	\$17,995
Net Loss and Comprehensive Loss	\$43,062	\$17,995
Balance Sheet Data		
Total Assets	\$292,723	\$85,020
Total Liabilities	\$49,730	\$3,015
Shareholders’ Equity	\$242,993	\$82,005

Management's Discussion and Analysis

Management's Discussion and Analysis for Germinate for the period ended May 31, 2021 is attached hereto as Exhibit "C" and Management's Discussion and Analysis for Germinate for the period ending November 30, 2020 is attached hereto as Exhibit "D" and was prepared for purposes hereof in the context of completion of a Qualifying Transaction and the listing of the Resulting Issuer Shares. The Management's Discussion and Analysis should be read in conjunction with the unaudited and audited financial statements of Germinate and related notes attached to this Filing Statement as Exhibit "A" and Exhibit "B", respectively.

Description of Securities

The authorized capital of Germinate consists of an unlimited number of Germinate Shares. As of the date hereof, there are 4,800,000 Germinate Shares issued and outstanding.

Germinate Shareholders are entitled to receive notice of any meetings of shareholders of Germinate and to attend and cast one vote for each Germinate Share held at all such meetings. Germinate Shareholders are further entitled to a proportionate share, on a per share basis, of the assets of Germinate available for distribution in the event of a liquidation, dissolution or winding-up of Germinate, as well as to the right to receive any dividend if declared by Germinate.

Stock Option Plan

Germinate has adopted an incentive stock option plan (the "**Germinate Option Plan**") that provides the Germinate Board with the discretion to grant to directors, senior officers, employees and consultants of Germinate non-transferrable options to purchase Germinate Shares ("**Options**"), provided that the Germinate Shares reserved for issuance will not exceed 10% of the issued and outstanding Germinate Shares at the time of the grant. Pursuant to the Germinate Option Plan, Options are required to have an exercise price not less than the closing market price of Germinate's shares prevailing on the day that the Option is granted, less applicable discount, if any, permitted by the policies of the TSXV. The Germinate Option Plan contains no vesting requirements, but permits the Germinate Board to specify a vesting schedule in its discretion.

Options may be exercised until 90 days (or 30 days in case of an optionee engaging in any investor relations activities) following the date the optionee ceases to be a director, officer or employee of Germinate or a consultant or a management company employee, provided that: (i) if the cessation of such position or arrangement was by reason of death, the Germinate Option may be exercised by the legal personal representatives of the optionee up to and including a date one year from the date of such death, in all cases subject to the expiry date of such Option; and (ii) if the cessation of such position or arrangement was by reason of termination for cause, as that term is interpreted by the courts of the jurisdiction in which such optionee (or, in the case of a management company employee or a consultant company, of such optionee's employer) is employed or engaged, any outstanding Option held by such optionee on the date of such termination shall be cancelled of that date. Furthermore, Options granted to an optionee while Germinate is a CPC who does not continue as a director, officer, technical consultant or employee of the Resulting Issuer may be exercised until the later of 12 months after the Completion of the Qualifying Transaction and 90 days after such optionee ceases to be a director, officer, technical consultant or employee of the Resulting Issuer.

Notwithstanding the terms of the Germinate Option Plan described above, the CPC Policy imposes certain restrictions on the Options during the period that Germinate remains a CPC. Such restrictions shall remain in place until the TSXV issues the Final Exchange Bulletin (such bulletin indicating that the Resulting Issuer will not be considered a CPC). Under the CPC Policy, Germinate, while it remains a CPC, is limited to granting the Options to only directors, officers and where permitted by applicable securities legislation, a technical consultant of Target, whose particular industry expertise in relation to the business of Target is required to evaluate the proposed Qualifying Transaction.

There are 450,000 Options outstanding, with each entitling the holder to purchase one Germinate Share at an exercise price of \$0.10 and has a term of 10 years, expiring on April 20, 2031. No Options have been exercised as of the date of this Filing Statement.

The following table sets out the Options held by directors and officers of Germinate as of the date of this Filing Statement:

Name and Position of Holder	Germinate Options (#)	Exercise Price (\$)	Expiry Date
Mark Brown, Chief Executive Officer and Director	112,500	\$0.10	April 20, 2031
Winnie Wong,	112,500	\$0.10	April 20, 2031
Sarah Weber	112,500	\$0.10	April 20, 2031
Alexandre Heath	112,500	\$0.10	April 20, 2031
Total:	450,000		

Prior Sales

The following table sets out the number of Germinate Shares that have been issued since incorporation (and the number sold at each price):

Date	Number of Germinate Shares Issued	Issue Price Per Germinate Share	Consideration Received
November 4, 2020	2,000,000 ⁽¹⁾	\$0.05	Cash
March 23, 2021	300,000 ⁽¹⁾	\$0.05	Cash
April 20, 2021	2,500,000 ⁽²⁾	\$0.10	Cash

Notes:

- (1) Representing shares subject to the CPC Escrow Agreement. Pursuant to the CPC Escrow Agreement, 10% of the Escrowed Germinate Shares will be released from escrow on the issuance of the Final Exchange Bulletin (the “Initial Release”) and an additional 15% of the Escrowed Germinate Shares will be released on the dates 6, 12, 18, 24, 30 and 36 months following the Initial Release.
- (2) Issued in connection with the Germinate IPO.

As at the date hereof, 2,300,000 Germinate Shares have been sold to "non-arm's length" parties of Germinate, as set forth in the following table:

Name and Municipality of Residence	Date	Number of Germinate Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly	Percentage of Outstanding Germinate Shares ⁽¹⁾
Mark Brown <i>Vancouver, British Columbia</i>	November 4, 2020 and March 23, 2021	1,500,000	31.25%
Sarah Weber <i>Port Coquitlam, British Columbia</i>	November 4, 2020	300,000	6.25%
Alexandre Heath <i>Vancouver, British Columbia</i>	November 4, 2020	300,000	6.25%
Winnie Wong <i>Vancouver, British Columbia</i>	November 4, 2020	200,000	4.17%

Stock Exchange Price

Germinate Shares were listed on the TSXV on April 20, 2021 and commenced trading on April 22, 2021 under the trading symbol "GCAP.P". The closing price on the TSXV of Germinate Shares on June 28, 2021, the last completed trading day prior to the announcement of the Qualifying Transaction, was \$0.21 per Germinate Share. Trading of the Germinate Shares on the TSXV has been halted since June 29, 2021. The following table sets out trading information for Germinate Shares for the periods indicated (all dollar amounts in Canadian dollars).

Period	High Close (\$)	Low Close (\$)	Volume
2021			
August	0.21	0.21	N/A
July	0.21	0.21	N/A
June	0.21	0.21	N/A
May	0.24	0.20	19,950
April 22 – April 30	0.22	0.20	101,000

Arm's Length Transaction

The Qualifying Transaction is not a Non Arm's Length Qualifying Transaction.

Legal Proceedings

There are no material legal proceedings to which Germinate is a party or to which any of its property is the subject matter. Management of Germinate is not aware of any such legal proceedings to be contemplated.

Auditor, Transfer Agent and Registrar

Auditor

The auditors of Germinate are DeVisser Gray LLP, 401 – 905 West Pender Street, Vancouver, BC, V6C 1L6.

Escrow Agent and Registrar

The transfer agent and registrar for the Germinate Shares is Computershare Investor Services Inc., Third Floor, 510 Burrard Street, Vancouver, BC, V6C 3B9.

Material Contracts

Germinate has not entered into any material contracts, other than contracts entered in the ordinary course of business, except:

1. the CPC Escrow Agreement;
2. the Germinate Option Plan;
3. the Share Exchange Agreement;
4. the Transfer Agency Agreement; and
5. Convertible Loan Agreement.

Copies of these agreements are available for inspection at Germinate's head office at no cost, at any time during ordinary business hours and until 30 days after the Completion of the Qualifying Transaction.

PART III - INFORMATION CONCERNING TARGET

Name and Incorporation

Target was incorporated under the BCBCA on February 7, 2020. The head office of Target is located at 301 – 3450 Uptown Blvd., Victoria, BC, V8Z 0B9, and the registered office is located at 410 – 325 Howe Street, Vancouver, BC V6C 1Z7.

General Development of the Business

History

In early 2020, the founders of Target conceived of the idea to form a company focusing on the audio and technical needs of online content creators and gamers.

Target considered that the pain points for creators include the quality of incoming audio via microphones and management of multiple audio sources coming from their computer.

With a strong knowledge of audio engineering and hardware manufacturing, along with previous success in the streaming and gaming industry, the founders believe that new, innovative, and user-friendly solutions would see broad adoption in the quickly expanding market.

The founders were fortunate to have many strong candidates who desired to join the BEACN team, from hardware and software engineers to design and marketing.

Many of the successful applicants had worked previously with the founders, creating an atmosphere that allowed Target to “hit the ground running” and avoid the lengthy process of getting a startup team operating with efficiency.

This early efficiency allowed Target to set to-market goals that would have otherwise taken much longer. Even during the challenges faced as a result of the COVID-19 pandemic, the engineering team led by co-founder and CTO Daniel Davies was pragmatic in their approach to long lead-time and scarce resources, keeping them on time for the launch target of Q4 2021.

Since its inception, Target has relied primarily on the issuance of equity to fund the development of its business. The founders and selected angel investors have purchased equity in Target and made shareholder loans to the Company.

The founders and angel investors have contributed \$2,747,510 in equity at various prices and \$275,000 in shareholder loans.

On May 27, 2020, Target closed a non-brokered private placement of 13,751,000 common shares at a price of \$0.01 per share for gross proceeds of \$137,510.

On August 12, 2020, Target closed a non-brokered private placement of 8,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$800,000

On February 8, 2021, Target closed a non-brokered private placement of 5,333,336 common shares and on April 19, 2021 for 666,667 common shares at a price of \$0.15 per share for gross proceeds of \$810,000.

On May 25, 2021, Target closed a non-brokered private placement of 5,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,000,000.

On September 14, 2021, Target entered into the Convertible Loan Agreement with Germinate and the Lenders, pursuant to which the Lenders advanced to Target an aggregate of \$500,000 to provide bridge financing to Target in advance of closing of the Qualifying Transaction. The principal amount of the Convertible Loan accrues interest at a rate of 5% per annum.

Pursuant to the terms of the Convertible Loan Agreement, upon Completion of the Qualifying Transaction and at any time prior the Maturity Date, the principal amount of the Convertible Loan, and any interest accrued and unpaid thereon, may be converted at the option of the Lenders into Units of Germinate at a rate of \$0.30 per Unit. In the event that the Qualifying Transaction is not completed, at any time prior to the Maturity Date, the Lenders will have the option to convert the principal amount of the Convertible Loan, and any interest accrued and unpaid thereon, into Target Shares at a conversion price per Target Share equal to the price per Target Share from the most recent financing conducted by Target.

Significant Acquisitions and Dispositions

Target has not completed any significant acquisitions or disposition for which financial statements or pro forma financial statements would be required under applicable law.

Narrative Description of the Business

Target is dedicated to creating new and innovative products for consumers who create online content, play games, or work from home.

Target believes that the constantly changing technology landscape requires agile design and development approaches, including ongoing communication with end-users in order to maximize the resulting product offerings. A customer needs to sound great and have fun, not worry about creating a recording studio in their spare bedroom.

Target's expertise in simplifying the user experience while carrying the complex engineering load behind the scenes makes the company uniquely positioned to differentiate itself from its competitors that have shown repeatedly a lack of such expertise for content creation customers.

Target endeavors to create a positive work environment with a strong work/life balance culture that supports and celebrates diversity while simultaneously striving for excellence in innovation and design.

Environmentally friendly options are used as often as is practical relative to costs and profit margin maintenance. Reduction of packaging, right to repair, and partnering with vendors displaying strong ethical treatment of employees are some examples of Target's desire to have a positive impact on the world.

Target prides itself on its customer-facing ethos of honesty and transparency. This "we are you and you are us" philosophy builds long-term relationships with customers, vendors, and investors.

Principal Products

BEACN Mic

Not just another USB Microphone. BEACN Mic seeks to address all of the existing criticisms of USB microphones: underpowered hardware, outdated connection, poor sound quality.

With USB C, 32-bit float at 96kHz, a dynamic capsule, and on-board DSP with a powerful microphone chain, there should be no doubt that you have everything you need – all in your mic!

- We put powerful processing in BEACN Mic to take the load off your CPU and allow you to hear your microphone chain in real-time. We made sure BEACN Mic can power gain-hungry headphones and records at the awesome quality of 32-bit float/96kHz.
- We built our audio plugins from the ground up so it makes sense for a content creator—no Master Class needed!
- As content creators, we aren't always in the ideal recording environment. BEACN Mic can remove background noise at an unmatched level of precision, letting your voice stand out.



BEACN Mix and BEACN Mix Create

BEACN Mix and BEACN Mix Create give you unprecedented control over your audio. Whether you are looking for a handy new gadget to make your work-from-home life easier, or a seasoned content creator needing to manage routing and submixes, we have built BEACN Mix and BEACN Mix Create for you.

Managing audio is simple with BEACN Mix. No third-party software. No constantly changing Windows settings. Just drag and drop. Our 5" screen is clean and transparent – you will always know what's up



Which is right for you? While they look similar, BEACN Mix and BEACN Mix Create were made with certain creators in mind. BEACN Mix is perfect for someone looking for an easy, lightweight, and transparent mixing solution. With no virtual devices to manage or additional software to download, it's just you and your audio.

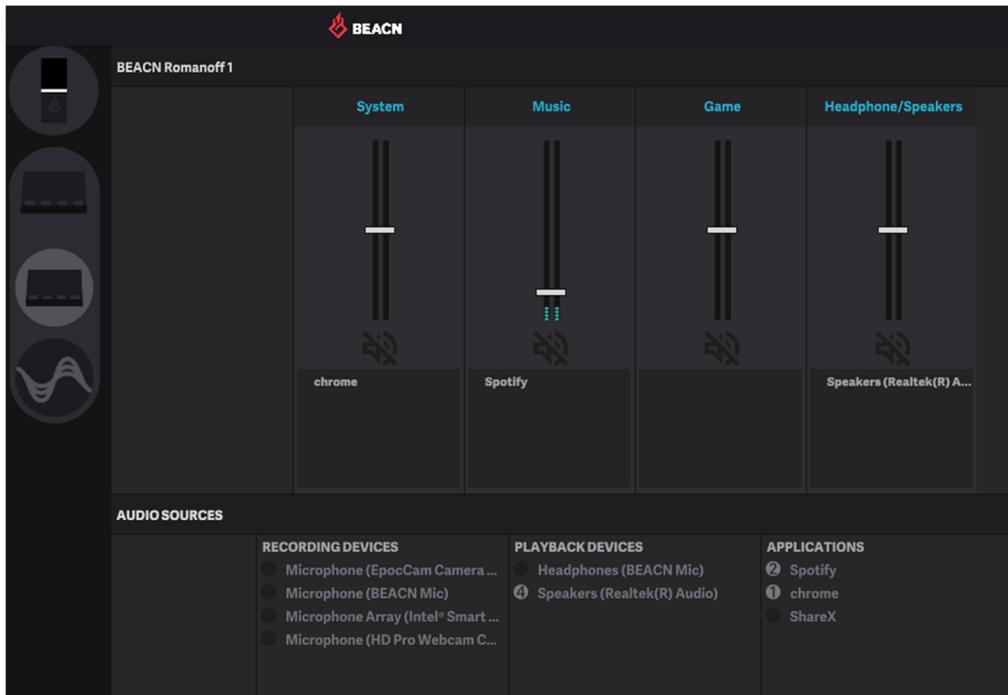
BEACN Mix Create on the other hand, adds tools essential for many content creators like submixes, multiple pages of knobs, and advanced routing options.

Product Comparison Chart

FEATURE	BEACN MIX	BEACN MIX CREATE
5" screen (800x480)	Yes	Yes
4 knobs	Yes	Yes
Drag and Drop UI	Yes	Yes
Submixes	No	Yes
Knob Paging	No	Yes
Routing Table	No	Yes
Mute Modes	No	Yes

BEACN App

Included free with all products. The BEACN App gives the user simple yet powerful control over all BEACN products, including multiples of any device. Want to use four BEACN Mic's for a podcast? No problem!



Operations

Target is headquartered in Victoria, B.C. in leased office space at at 301 – 3450 Uptown Blvd., Victoria, BC, V8Z 0B9.

Target has initiated orders for physical inventory of its products and anticipates receiving initial inventory in late August or early September 2021.

The operations of Target consist of three primary components: research & development, manufacturing, and sales/distribution.

Product Development

Everything about BEACN products has been designed and engineered from the ground up and uses no off-the-shelf products or pre-existing software. The components of BEACN products have all been created specifically for use in our products and for our customers. This specialized software and hardware allows Target to gain a competitive advantage in a market where white-label OEM/ODM products are prevalent and provide less than ideal solutions for customers.

The original product development process consists of the following phases:

- analysis of external market trends;
- analysis of consumer needs; and
- devise a strategy to develop, manufacture and market the identified products.

The original product development team consists of R&D and market research personnel, product development, and creative design specialists.

Target's pricing strategy is in line with the market for products geared towards content creators, taking into account the value of our specific technologies, existing products at both the entry and aspirational price points, and profit margins required for healthy long-term success. Target aims to position itself in the market such that its products are accessible but not "cheap". Further, Target's pricing strategy may be impacted by transportation costs depending upon the location of the distribution. Target will continually monitor its pricing strategy to ensure it remains competitive. See "*Competitive Conditions*" below.

Manufacturing

Target endeavours to manufacture in British Columbia when economically feasible but will consider and utilize options outside of Canada where it is more cost-effective to do so.

Distribution

In an ever-evolving market, serving customers directly is the best strategy for Target. This involves two sales channels:

1. Direct To Customer (D2C)

A Shopify-powered website, combined with modern, digitally connected third party logistics (3PL) allows us to provide our products at competitive prices with comprehensive shipping, returns and customer service in nearly every market in the world, without having to manage employee overhead or maintain inventory in unnecessary locations.

As various worldwide markets show growth, expansion of products into those markets can happen dynamically, resulting in reduced costs over the long term by only keeping inventory where it is necessary.

2. Amazon, Online Marketplaces

Amazon is a strong sales channel for technology products that provides Target direct access to the millions of consumers who already utilize that platform.

Utilizing our 3PL (ShipCalm) to handle freight to Amazon's Fulfillment program (FBA) we anticipate providing consumers with Amazon Prime level customer experience in the United States upon launch, with the expectation of offering this service level to the European Union and United Kingdom in the future.

Overview of the Industry

Online content creators range from streamers (Twitch.tv, YouTube Gaming etc.), to gamers, podcasters and YouTubers.

The "creator" space is large, with supporting computer/tech accessory sales in the billions of dollars and strong year-over-year growth. For example, MarketWatch (Jon Swartz) July 14, 2021 reported that "Mark Zuckerberg pledged \$1 billion to creators through 2022 to lure influencers" and that "at least 50

million people globally consider themselves content creators.” Further, MarketResearch.com (Jun 28, 2021) by LP Information Inc. reported that “Global Microphones market size in 2020 is approximately US\$3 billion and the global market size will reach US\$3.5 billion by 2026.

Early adoption of new technologies by the leaders and tastemakers drives tagalong sales by aspiring newcomers, creating a consistent “churn” of new customers requiring products to produce their content. Much like the music business, Slash sells guitars to people who want to be him, but never “make it”. That process occurs in a never-ending cycle with new “stars” or industry leaders, allowing the market to maintain itself.

Marketing Plans and Strategy

Distribution Agreements:

- www.shipcalm.com (North America 3PL)
- www.passportshipping.com (International 3PL)
- www.coppersmith.com (Freight Forwarding)

Consumer Education

Education is a key component of Target’s marketing and customer service strategy. Utilizing its Shopify platform, the Target intends to leverage applications such as <https://www.reamaze.com/> for both incident tracking/ticketing and knowledgebase articles.

Content marketing

The BEACN marketing team has established trusting relationships with content creators and influencers aggregating in over 6.5m in platform reach and 2.1m in social reach. “Platform reach” is the overall volume of people that can see Target’s marketing on specific platforms such as Facebook, YouTube etc. and “social reach” is the overall volume of people that could see Target’s marketing pitches through Target’s social media presentations. Through influencer marketing, an aggressive product review strategy, and multi-platform advertising, Target anticipates leveraging these strong relationships into strong early adoption and good-will.

The Target’s specific marketing mix when launching will include:

- Product reviews from YouTube channels accounting for over 500,000 estimated video views.
- Product reviews from trusted websites and blogs accounting for over 1,000,000 estimated page views.
- Product showcases on social channels from influencers and tastemakers.
- A strong mix of engaging media with emphasis on Search Engine Optimization (“SEO”). SEO is improving the quality and quantity of traffic to Target’s website from search engines such as Google, Bing and Yahoo.

- A hyperactive approach to community engagement through giveaways, sponsored content, and customer events.
- Presence at important online and offline trade shows.

Once content has been distributed across our various organic and paid platforms, the BEACN marketing team will use a consistent tracking system (UTM campaign tracking) to analyze the behavior of users who interact with the content and who are then brought to the BEACN store. This allows the Target to segment campaigns by platform, campaign name, and organic vs. paid content to measure a number of metrics such as clickthrough and conversion rates, allowing the Target to understand which users are contributing to revenue growth via individual marketing channels.

Industry shows and events

When trade shows are possible following the reduction in restrictions on social gatherings in light of the COVID-19 pandemic, Target plans to participate in shows such as TwitchCon, DreamHack, E3 and other in-person events. With its Shopify and Shipcalm partnerships, the Target will have the opportunity to sell products (including custom short-run event specific sku's) directly to its customers from the show floor where permitted by the venue.

Competitive Conditions

- Blue Microphones - Yeti (entry level, #1 Amazon USB mic, sales unavailable), Yeti Nano (small Yeti, est. 1,866⁽¹⁾ units/month Amazon.com)
- Elgato - Wave 3 Mic (entry/mid level, est. 2,539⁽¹⁾ units/month Amazon.com)
- Shure Microphones - SM7B (aspirational, est. 300⁽¹⁾ units/month Amazon.com)
- Hyper X QuadCast/RGB - (entry/mid level, est. 2,500⁽¹⁾ units/month Amazon.com)

Note:

(1) Amazon product sales volumes are estimates taken from the widely used Helium10 browser plugin, which has proven to be fairly accurate but does have a margin of error as it cannot directly take proprietary 3rd party sales data from the vendors themselves within Amazon.

Target sales targets represent roughly 8% of this single sales channel volume, which is what we can measure currently. The above total of 8,000+ units per month represents the single Amazon.com US channel and does not include other online or bricks and mortar retailers such as Target, Walmart, Best Buy, Sweetwater, Guitar Center etc. This also does not take into account any international sales channels.

The Target believes that the total obtainable market is orders of magnitude higher than that Target sales targets, putting Target in a strong position to meet or exceed its targets. The question is not whether the market exists, but rather how well Target can educate its customers on the advantages of its products and subsequently create market awareness via advertising and partnership efforts. We are confident that our marketing plan and execution will have sufficient reach, click through and conversion rates to support our sales targets.

BEACN Mix and BEACN Mix Create do not have direct competitors in the computer mixing space as the products address a new market. Controllers are available for recording studio applications and the Elgato Wave has a mixing application similar to Target’s computer side application offering, but neither directly competes with Target’s hardware.

Sales estimates for BEACN Mix and BEACN Mix Create are based on sales figures of hardware controllers in the music industry, which is the closest analogue to Target products.

See “*Risk Factors – Competition*”.

Research Initiatives

As part of its overall business strategy, Target is committed to pursuing research and development to develop both its product lines and its business. To date, Target has developed noise suppression and other audio algorithms, complex mixing/routing systems for the PC/Mac, and mechanical designs for diffusion of LED light.

Proprietary Protection

Target’s trade secrets, trademarks, copyrights and other intellectual property rights are important assets.

Employees

As at the end of the financial year ended December 31, 2020, in addition to its two founders, Target had six employees, each governed by an employment agreement and one external consultant governed by a consulting agreement. See “*Executive Compensation*”.

Selected Financial Information

The following table sets out certain financial data for Target in respect of the periods for which financial information is included elsewhere in this Filing Statement. This information should be read in conjunction with the financial statements and the notes thereto set out in Exhibit “E”.

	For the Period Ended June 30, 2021	For the Period From Incorporation on February 7, 2020 to December 31, 2020
Income Statement Data		
Total Expenses	\$660,787	\$779,196
Net Loss and Comprehensive Loss	\$384,287	\$779,196
Balance Sheet Data		
Total Assets	\$2,355,723	\$461,904
Total Liabilities	\$771,696	\$303,590
Shareholders’ Equity	\$1,584,027	\$158,314

Management’s Discussion and Analysis

Management’s Discussion and Analysis for Target for the period ended June 30, 2021 and Management’s Discussion and Analysis for Target for the period from incorporation on February 7, 2020 to December 31, 2020 are attached hereto as Exhibit “F”. The Management’s Discussion and Analysis should be read in conjunction with the audited financial statements of Target and the related notes attached to this Filing Statement as Exhibit “E”.

Description of Securities

Target’s authorized capital consists of an unlimited number of common shares, of which there are currently 32,151,003 Target Shares issued and outstanding. Target expects there to be 32,151,003 Target Shares issued and outstanding immediately prior to giving effect to the Qualifying Transaction.

Holders of Target Shares are entitled to receive notice of any meetings of shareholders, to attend and to cast one vote per Target Share at all such meetings on a poll, and one vote per holder on a show of hands. Target Shareholders do not have cumulative voting rights with respect to the election of directors and, accordingly, holders of a majority of the Target Shares entitled to vote and voting in any election of directors may elect all directors standing for election. Election of directors takes place by way of ordinary resolution in respect of each director. Target Shareholders are entitled to receive on a pro rata basis such dividends, if any, as and when declared by the Target Board at its discretion from funds legally available thereof and upon the winding-up of Target are entitled to receive on a pro rata basis the net assets of Target after payment of debts and other liabilities, in each case subject to the rights, privileges, restrictions and conditions attaching to any other series or class of shares ranking senior in priority to or on a pro rata basis with the Target Shares with respect to dividends or liquidation. The Target Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Consolidated Capitalization

The following table sets out all the material changes in, and the effect of the material changes on, the share and loan capital of Target since June 30, 2021. The table should be read in conjunction with the audited financial statements of Target attached hereto as Exhibit “E”, along with the related notes thereto and the associated Target MD&A attached hereto as Exhibit “F”.

Designation	Amount authorized/ or to be authorized	Amount outstanding as of the date of the most recent balance sheet contained in the filing statement	Amount outstanding as of the date hereof
Target Shares	Unlimited	\$2,747,510	32,151,003
Shareholder Loans	N/A	\$275,000	\$275,000

Prior Sales

The following table summarizes the dates and prices securities of Target have been issued since incorporation on February 7, 2020:

Date	Number of Target Shares Issued	Issue Price Per Target Share	Consideration Received
February 7, 2020	1,000	\$0.01	\$10
February 13, 2020	2,500,000	\$0.01	\$25,000
May 19, 2020	3,250,000	\$0.01	\$32,500
May 20, 2020	1,250,000	\$0.01	\$12,500
May 26, 2020	250,000	\$0.01	\$2,500
May 27, 2020	6,500,000	\$0.01	\$65,000
July 27, 2020	4,000,000	\$0.10	\$400,000
July 31, 2020	2,000,000	\$0.10	\$200,000
August 12, 2020	2,000,000	\$0.10	\$200,000
January 11, 2021	1,333,334	\$0.15	\$200,000
January 20, 2021	1,333,334	\$0.15	\$200,000
February 1, 2021	1,333,334	\$0.15	\$200,000
February 8, 2021	1,333,334	\$0.15	\$200,000
April 19, 2021	66,667	\$0.15	\$10,000
May 3, 2021	1,599,000	\$0.20	\$319,800
May 4, 2021	314,000	\$0.20	\$62,800
May 6, 2021	1,239,000	\$0.20	\$247,800
May 13, 2021	1,239,000	\$0.20	\$247,800
May 18, 2021	370,000	\$0.20	\$74,000
May 25, 2021	239,000	\$0.20	\$47,800
TOTAL	32,151,003		

Trading Price and Volume

There is no public market for the Target Shares and they are not, and have not been, posted for trading on any stock exchange.

Executive Compensation

The following discussion describes the significant elements of Target's process for determining compensation payable to the President and Chief Executive Officer, the Chief Financial Officer, and each of the two most highly compensated executive officers other than the President and Chief Executive Officer, and the Chief Financial Officer (collectively, the "**Named Executive Officers**" or "**NEOs**").

Based on compensation levels paid or issued during 2020, the NEO's, for the purposes of this Filing Statement for the period from the date of incorporation on February 7, 2020 to December 31, 2020, are as follows:

- Chief Executive Officer
- President

This section reflects the current expectations of Management with respect to Target's executive compensation following the Completion of the Qualifying Transaction. While there is no present intention to make any material changes to Target's current executive compensation, the Board of Directors may review Target's executive compensation and, if determined appropriate, may make changes in light of relevant factors including Target's status as a public company.

Overview

Target's executive compensation is administered by the Board of Directors. The Board of Directors is responsible for reviewing Target's compensation policies, compensation matrix, and guidelines generally.

Compensation Philosophy and Objectives of the Compensation Program

Target's compensation program intends to seek to encourage growth in cash flow and earnings to enhance shareholder value. Target believes it is critical to create and maintain a compensation program that will attract and retain committed, highly qualified personnel by providing appropriate rewards and incentives, motivate their performance to achieve Target's strategic objectives and align the interests of executive officers with the long-term interests of Target's shareholders and enhancement in share value.

Components of Compensation

Target currently compensates its NEOs through the following: (i) base salary; and (ii) discretionary cash bonuses based on performance. Target does not have a long-term incentive compensation program.

Base Salary

Base salaries compensate each NEO's core competencies, skills, experience, and contribution to Target. Target has deliberately kept base salaries below market due to Target's present stage of operations.

Going forward, the Board of Directors will review and select a compensation peer group of companies operating in areas with an operational and risk profile similar to the area in which Target operates. Base salaries will be compared to Target's industry peer group through publicly available information and available compensation surveys prepared by compensation consultants. Consideration has been and will be given to Target's growth plans, area of operations and its objective of attracting and retaining highly talented individuals from within the industry.

Cash Bonus

Discretionary cash bonuses will be intended to motivate and reward the accomplishment of specific business and operating objectives within a defined period. Given the relatively early stage of development of Target and its lack of sustained cash flow, no cash bonus payments were paid in 2020 or as of the date of this Filing Statement. The Board of Directors of the Resulting Issuer will meet with management of Target in the first quarter of 2022 to review the proposed 2022 base bonus award target (anticipated to be determined by reference to a target percentage of base salary). At this point, no bonuses will be paid unless Target achieves a positive cash flow position. Similar to the determination of base salaries, consideration will be given to Target's compensation peer group when determining the final amount of any cash bonuses to be paid.

Option Awards

Target does not have an incentive stock option plan and as of the date of this Filing Statement, zero (nil) options of Target are outstanding.

Director and NEO Compensation

The following table sets forth information concerning all compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by Target, excluding compensation securities, for the NEOs and directors for Target's most recently completed financial year ended December 31, 2020 and for the six months ended June 30, 2021.

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission	Bonus	Committee or Meeting Fees	Value of Prerequisites	Value of All Other Compensation	Total Compensation
Craig Fraser Chief Executive Officer	2020 (1)	\$80,385	0	0	0	0	\$80,385
Daniel Davies President	2020 (1)	\$80,385	0	0	0	0	\$80,385

Notes:

(1) For the period from incorporation on February 7, 2020 to the year ended December 31, 2020.

The NEOs are not currently entitled to any salary, bonus share-based awards, option-based awards, incentive plan compensation, pension value or any other forms of compensation.

Termination and Change of Control Benefits

Target does not have any employment agreements in place with the Named Executive Officers. There are no change of control benefits in place.

Target does not currently have an executive compensation program in place; however, it is anticipated that the Resulting Issuer will adopt a holistic executive compensation program following the Completion of the Qualifying Transaction in accordance with the description below. See *"Part V – Information Concerning the Resulting Issuer – Executive Compensation"*.

Compensation Objectives and Governance

Target does not currently have a compensation committee; however, the Resulting Issuer intends to appoint a compensation committee following Completion of the Qualifying Transaction. See *Part V – Information Concerning the Resulting Issuer – Compensation Discussion and Analysis – Compensation Objectives and Governance*.

Employment and Consulting Contracts

Target has not entered into consulting or employment agreements with its NEO; however, the Resulting Issuer intends to enter into consulting or employment agreements with its executives which will provide for the provision of executive services to Target in their respective functions (the **"NEO Agreements"**). See *Part V – Information Concerning the Resulting Issuer – Compensation Discussion and Analysis – Employment and Consulting Agreements*.

Director Compensation

Target has paid no compensation to Directors; however, the Directors may receive reimbursements for out-of-pocket expenses incurred regarding attending Board meetings or information meetings.

Indebtedness of Directors and Executive Officers

None of Target's directors or executive officers nor any of their respective associates are indebted to Target or has been the subject of a guarantee, support agreement, letter of credit or similar arrangement or understanding provided by Target or any of its subsidiaries.

Management Contracts

No management functions of Target or any subsidiary are to any substantial degree performed by persons other than director and senior officers.

Non-Arm's Length Party Transactions Disclosure

Since incorporation, Target has not acquired any assets or services from any director, officer, promoter or person described herein as a principal securityholder of Target (and no such transaction is proposed).

Legal Proceedings

There are no material legal proceedings to which Germinate is a party or to which any of its property is the subject matter. Management of Target is not aware of any such legal proceedings to be contemplated.

Material Contracts

The only material contracts which Target has entered into in the past two years, or will enter into prior to the conclusion of the Qualifying Transaction, other than in the ordinary course of business, are the Share Exchange Agreement and the Convertible Loan Agreement.

A Copy of the Share Exchange Agreement is available for inspection at Target's head office at no cost, at any time during ordinary business hours and until 30 days after the Completion of the Qualifying Transaction.

PART IV - INFORMATION CONCERNING THE QUALIFYING TRANSACTION

The Qualifying Transaction

The parties to the Qualifying Transaction are Germinate, Target and the Target Shareholders. The Qualifying Transaction is an Arm's-Length Transaction, as Target has no relationship to Germinate or its Affiliates and Associates and Germinate has no relationship to Target or its Affiliates and Associates.

Germinate and Target entered into the Share Exchange Agreement on September 14, 2021, which sets forth the terms of the Qualifying Transaction and the issuance of Germinate Shares in exchange for all of the issued and outstanding Target Shares. The Qualifying Transaction is not subject to shareholder approval as no circumstances exist which may compromise the independence of Germinate or the interested parties (in particular, Germinate's directors and senior officers) with respect to the Qualifying Transaction, no aspect of the Qualifying Transaction requires the approval of shareholders of Germinate under applicable corporation and securities legislation, Germinate is without active operations and is listed on the TSXV as a CPC and the Germinate Shares will resume trading on Completion of the Qualifying Transaction. The Qualifying Transaction is also subject to the approval of the Exchange. Copies of the Share Exchange Agreement are available on SEDAR at www.sedar.com.

Pursuant to the provisions of the Share Exchange Agreement, Germinate will acquire all of the issued and outstanding Target Shares from the Target Shareholders in exchange for Germinate issuing to the Target Shareholders one Germinate Share for each Target Share held immediately prior to closing for an aggregate issuance of 32,151,003 Germinate Shares.

Upon Completion of the Qualifying Transaction, Target will be a wholly owned subsidiary of the Resulting Issuer.

The Share Exchange Agreement

The Qualifying Transaction will be effected in accordance with the Share Exchange Agreement, a copy of which has been filed by Germinate on SEDAR at www.sedar.com as a material contract. The Share Exchange Agreement contains certain representations and warranties made by each of Target and Germinate in respect of the assets, liabilities, capital, financial position and operations of Target and Germinate, respectively. In addition, each of Target and Germinate provide covenants which govern the conduct of their operations and affairs prior to the Completion of the Qualifying Transaction. The Share Exchange Agreement contains a number of conditions precedent to the obligations of the parties thereunder. Unless all of such conditions are satisfied or waived by the party or parties for whose benefit such conditions exist, to the extent they may be capable of waiver, the Qualifying Transaction will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Covenants of Germinate and Target

Target and Germinate have each given to the other usual and customary covenants in respect of the Qualifying Transaction until the earlier of the Closing Date or the Termination Date to cooperate fully with each other and to use its commercial best efforts to, among other things:

- (a) in a timely and expeditious manner, prepare, or assist, as applicable, in the preparation of, a submission to the TSXV for a sponsorship waiver for the Qualifying Transaction;
- (b) in a timely and expeditious manner, prepare, or assist in the preparation of, the Filing Statement with respect to the Qualifying Transaction, including providing certain financial statements and such information in relation to the business, affairs, and assets of Target, as may be necessary to comply with applicable laws and the policies of the TSXV;
- (c) ensure that the Filing Statement does not contain a misrepresentation as it relates to Target or Germinate, as applicable, including in respect of its assets, liabilities, operations, and business;
- (d) not solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Qualifying Transaction, and without limiting the generality of the foregoing, not to induce or attempt to induce any other person to initiate any shareholder proposal or “takeover bid,” exempt or otherwise, within the meaning of the *Securities Act* (British Columbia), for securities or assets of Target or Germinate, as applicable, nor to undertake any transaction or negotiate any transaction which would be or potentially could be in conflict with the Qualifying Transaction, including, without limitation, allowing access to any third party to conduct due diligence, nor to permit any of its officers or directors to authorize such access, except as required by statutory obligations. If Target or Germinate, as applicable, including any of their respective officers or directors, receives any form of offer or inquiry, Target or Germinate, as applicable, will forthwith (in any event within one business day following receipt) notify the other of the offer or inquiry and provide such details as the other party may request;
- (e) use commercially reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations set forth in the Share Exchange Agreement to the extent the same are within its control and to take, or cause to be taken, all other actions and to do, or cause to be done, all other things necessary, proper or advisable under all applicable laws to complete the Qualifying Transaction, including using commercially reasonable efforts to:
 - i. obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to loan agreements, leases, licenses, agreements and other Contracts; and
 - ii. effect all necessary registrations and filings and submissions of information requested by any Governmental Entity or Securities Authority required to be effected by it in connection with the Qualifying Transaction and participate and appear in any proceedings of either Target or Germinate before any

Governmental Entity or Securities Authority to the extent permitted by such Governmental Entity or Securities Authority, as applicable;

- (f) subject to applicable Laws, not take any action, refrain from taking any action, or permit any action to be taken or not taken inconsistent with the Share Exchange Agreement or which would reasonably be expected to significantly impede the Completion of the Qualifying Transaction; and
- (g) conduct and operate its business and affairs only in the ordinary course consistent with past practice and use commercially reasonable efforts to preserve its business organization, goodwill and material business relationships with other persons and, for greater certainty, it will not enter into any material transaction out of the ordinary course of business consistent with past practice without the prior consent of Germinate or Target, as applicable, and each party shall keep the other fully informed as to the material decisions or actions required or required to be made with respect to the operation of its business, provided that such disclosure is not otherwise prohibited by reason of a confidentiality obligation owed to a third party for which a waiver could not be obtained.

Additionally, Germinate has agreed, until the earlier of the Closing Date or the Termination Date to use its reasonable commercial efforts to complete the Concurrent Offering. The Parties have agreed to bear their own costs in association with the Qualifying Transaction.

Covenants of the Vendors

Pursuant to the terms of the Share Exchange Agreement, each of the Vendors have agreed that until the earlier of the Closing Date and the Termination Date that the applicable Vendor will, among other things:

- (a) enter into such escrow arrangements in respect of the Germinate Payment Shares and the Escrowed Germinate Shares, as applicable, as may be required in accordance with applicable securities Laws or the policies of the TSXV; and
- (b) not encumber in any manner the Purchased Shares and ensure that at the Closing Time the Purchased Shares are free and clear of all Encumbrances.

Conditions to the Qualifying Transaction

The respective obligations of the parties to complete the transactions contemplated by the Share Exchange Agreement are subject to a number of conditions which must be satisfied or waived in order for the Qualifying Transaction to be completed. There is no assurance that these conditions will be satisfied or waived on a timely basis or at all. The following significant conditions, in addition to other conditions, are contained in the Share Exchange Agreement:

- (a) the Concurrent Offering will have been completed, or if completed in escrow pending the closing of the Qualifying Transaction, then all other conditions necessary to release the escrow will have been satisfied;

- (b) the completion of the change of the board of directors and officers of the Resulting Issuer;
- (c) each of the Germinate Board and the Target Board will have adopted all necessary resolutions and all other necessary corporate action to permit the Completion of the Qualifying Transaction;
- (d) all shareholder approvals required for Completion of the Qualifying Transaction will have been obtained;
- (e) the receipt of all required regulatory, stock exchange and securityholder approvals, consents, permits, waivers, exemptions and orders;
- (f) the receipt of all required third party consents and approvals; and
- (g) the TSXV will have provided its conditional acceptance of the Qualifying Transaction and listing of the Resulting Issuer as a Tier 2 issuer on the TSXV, including the approval of the proposed directors and officers of the Resulting Issuer.

The obligation of Germinate to complete the transactions contemplated by the Share Exchange Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Share Exchange Agreement, at or before the Closing Date, including, but not limited to:

- (a) at the Closing Time, Target will have 32,151,003 Target Shares issued and outstanding;
- (b) the representations and warranties made by Target under the Share Exchange Agreement that are subject to a materiality qualifier will be true and correct as of the Closing Date as if made on and as of that date (except to the extent that any representations and warranties speak as of an earlier date, in which event those representations and warranties will be true and correct as of the earlier date), and all other representations and warranties made by Target in the Share Exchange Agreement will be true and correct in all material respects as of the Closing Date as if made on and as of that date (except to the extent that any representations and warranties speak as of an earlier date, in which event those representations and warranties will be true and correct as of the earlier date);
- (c) Target will have complied in all material respects with its covenants in the Share Exchange Agreement;
- (d) from the date of the Share Exchange Agreement to the Closing Date, there will not have occurred a Material Adverse Change in respect of Target; and
- (e) the Target Board will have adopted all necessary resolutions and all other necessary corporate action will have been taken by Target to permit the completion of the Share Exchange and the Qualifying Transaction pursuant to the terms of the Share Exchange Agreement.

The obligation of Target to complete the transactions contemplated by the Share Exchange Agreement is subject to the fulfillment or waiver of certain additional conditions, as set forth in the Share Exchange Agreement, at or before the Closing Date, including, but not limited to:

- (a) the representations and warranties made by Germinate in the Share Exchange Agreement that are subject to a materiality qualifier will be true and correct as of the Closing Date as if made on and as of that date (except to the extent that any representations and warranties speak as of an earlier date, in which event those representations and warranties will be true and correct as of the earlier date), and all other representations and warranties made by Germinate in the Share Exchange Agreement will be true and correct in all material respects as of the Closing Date as if made on and as of that date (except to the extent that any representations and warranties speak as of an earlier date, in which event those representations and warranties will be true and correct as of the earlier date);
- (b) at the time of the closing of the Qualifying Transaction, prior to the issuance of the Germinate Payment Shares pursuant to the terms of the Share Exchange Agreement, Germinate will have 4,800,000 Germinate Shares issued and outstanding;
- (c) the representations and warranties of Germinate in the Share Exchange Agreement as adjusted pursuant to the Qualifying Transaction shall be true and correct in all material respects as of all relevant dates, including the Closing Date;
- (d) Germinate will have complied in all material respects with its covenants in the Share Exchange Agreement; and
- (e) from the date of the Share Exchange Agreement to the Closing Date, there will not have occurred a Material Adverse Change in respect of Germinate.

Representations and Warranties

The Share Exchange Agreement contains representations and warranties made by each of Target and Germinate. The assertions embodied in those representations and warranties are solely for the purposes of the Share Exchange Agreement. Certain representations and warranties may not be accurate or complete as of any specified date because they are subject to a standard of materiality or are qualified by a reference to the concept of an "adverse event" or "adverse change". Therefore, the representations and warranties in the Share Exchange Agreement should not be relied on as statements of factual information.

The Share Exchange Agreement contains representations and warranties of Target and Germinate relating to certain matters including, among other things: organization; subsidiaries and other interests; capitalization; authority; consents; director approval; contracts; waivers; absence of defaults; absence of changes; employment agreements; financial statements; books and records; litigation; assets; insurance; tax matters; compliance with applicable Laws; its assets and conduct of operations; reporting issuer and listing status; and matters related to the Qualifying Transaction.

Termination of Share Exchange Agreement

The Share Exchange Agreement may be terminated (i) by mutual agreement of Target and Germinate, (ii) by either Target or Germinate, if the Qualifying Transaction has not been completed by the Completion Deadline, (iii) by either of the Target or Germinate, if the other party has breached or is in default of a material term of the Share Exchange Agreement such that the closing conditions are incapable of being satisfied by the Completion Deadline, or (iv) by either party, if any permanent injunction or other order of a court or other competent authority preventing the Closing has become final or non-appealable.

PART V - INFORMATION CONCERNING THE RESULTING ISSUER

Corporate Structure

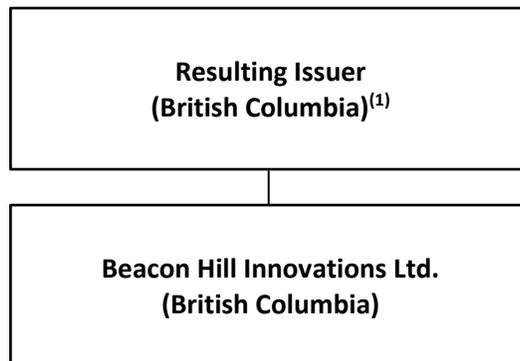
Name and Incorporation

Following Completion of the Qualifying Transaction, the Resulting Issuer will own all of the issued and outstanding shares of Target and the Resulting Issuer will continue to exist under the BCBCA. The Resulting Issuer intends to manage the Target assets and continue to operate Target's business. Upon Completion of the Qualifying Transaction, Target will become a wholly-owned subsidiary of the Resulting Issuer and the Resulting Issuer will carry on business under the name of "BEACN Wizardry & Magic Inc."

It is expected that the head office of the Resulting Issuer will be re-located following Completion of the Qualifying Transaction, with the head office being changed to 3450 Uptown Blvd Suite 301, Victoria BC V8Z 0B9. The registered office will remain at 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Intercorporate Relationships

The following chart illustrates the anticipated organizational structure of the Resulting Issuer and its material subsidiaries after giving effect to the Qualifying Transaction:



Notes:

(1) The Resulting Issuer is expected to be renamed "BEACN Wizardry & Magic Inc." at Closing.

Description of the Business

The business, milestones and business objectives of the Resulting Issuer will be those of Target. See "Part III – Information Concerning Target". A description of the funds available to the Resulting Issuer upon the Completion of the Qualifying Transaction, together with the intended uses for those funds (including a description of the business objectives that the Resulting Issuer expects to accomplish using those funds), is set out below under the heading "Available Funds and Principal Purposes".

Following Completion of the Qualifying Transaction, the Resulting Issuer will carry on the business of Target; a company in the business of Technology for Gamers, YouTubers, Podcasters and others creating internet content.

Content creation is a high turnover market with many new YouTube channels, podcasts or gaming streams being started every day. Target's objective is to build world-class equipment products for those creators, podcasters, streamers and others.

CORSAIR (NASDAQ:CRSR) a leading global developer and manufacturer of high-performance gear and technology for gamers, content creators and PC enthusiasts, commented in their February 2021 earnings conference call:

"In December we saw YouTube reveal that they had 40 million gaming channels, a number that was far higher than most industry watchers have been estimating," said Andrew Paul, the Company's CEO. "This underscores our thesis that streaming and sharing video content is becoming a way of life for millennials in the same way as playing video games has become."

BEACN is developing an ecosystem of products designed to assist online broadcasters, content creators, and gamers in getting the best audio possible with simplicity, quality and affordability as key drivers of our efforts. Three products will be released in 2021, with future ecosystem additions following. Target expects that BEACN Mic, BEACN Mix and BEACN Mix Create will start our customer journey in Q4 2021.

BEACN has three initial products (6 SKUs) that are in the final stages of production testing to prepare for mass production.

Business Objectives

BEACN's immediate short-term objectives will consist of:

- Completing market analysis and merchandising for existing products;
 - Creating strong partnerships with "VIP" influencers
 - Utilizing both paid and organic content, e.g. Twitch, YouTube, Facebook, Twitter and Instagram
 - Creative social media management
 - Brand awareness
- Completing marketing toolset, including
 - Project management
 - Social media management and data tracking
 - Email automation and dashboards
 - Product support automation

- Completing Sales and Distribution Model;
 - Direct to Customer (D2C) sales Model
 - Shopify powered e-commerce website
 - eCommerce fulfillment and logistics
 - Fulfillment by Amazon (FBA)
- Completion of inventory manufacturing
- Generate positive cash flow

BEACN’s medium to long-term objectives will be to:

- Adding to the Board of Directors
- Including Europe in the Sales and Distribution Model
- Adding Brick and Mortar channels
- Developing new products to meet the needs of a fast-growing market;

Milestones

The following is a summary of the principal milestones necessary to be achieved by the Resulting Issuer in order for the Resulting Issuer to successfully complete its business plan over the next 12 months:

Milestone	Target Date	Cost of Realization⁽¹⁾
Completing market analysis and merchandising for existing products	October 2021	\$25,000
Completing marketing toolset	October 2021	\$25,000
Completing Sales and Distribution Model	October 2021	\$25,000
Completion of inventory manufacturing	October 2021	\$400,000
Adding to the Board of Directors	December 2021	\$0
Developing new products	October 2022	\$250,000
Total		\$725,000

Note:

- (1) Prior to general and administrative expenses estimated to be \$567,000 for the next 12 months and the expenses of the Qualifying Transaction estimated to be \$398,000.

The following is a brief description of the principal milestones necessary to be achieved by the Resulting Issuer in order for the Resulting Issuer to successfully complete its business plan:

- **Completing market analysis and merchandising for existing products** – Products are market-tested with VIPs to determine market appeal, salability and price point. At this stage, BEACN is making final decisions about packaging, marketing collateral and merchandising programs for on-line retailing.
- **Completing marketing toolset** – BEACN's sales and marketing will be based on on-line retailing and will not focus on brick and mortar. Effective on-line marketing and sales must be well coordinated, well timed and must respond quickly to customer and VIP feedback, making the marketing toolset an integral part of the BECAN plan.
- **Completing Sales and Distribution Model** – Principal components of the model will be Shopify and Amazon.
- **Completion of inventory manufacturing** – BEACN's three initial products are anticipated to be in the warehouse by Q4 2021.
- **Generating Positive Cash Flow** –BEACN's products are anticipated to generate gross margins ranging between 55% and 63% and therefore a moderate level of sales is anticipated to generate positive cash flow.
- **Add to Board of Directors** – An additional board member with experience and contacts in the BEACN business and/or computer peripheral manufacturing will help lead the company into the future.
- **Develop new products** –BEACN intends to develop new products to expand the BEACN brand. This involves gauging market interest through sales, trade-industry and social media channels, and engaging industry experts regarding potential products. The Resulting Issuer may consider purchasing an existing product from an existing manufacturer or developing a new product from scratch.]

Description of the Securities

The Resulting Issuer Shares will have the same rights, privileges, restrictions and conditions as the rights, privileges, restrictions and conditions as are attached to the Germinate Shares. See "*Part II – Information Concerning Germinate – Description of Securities.*"

Pro Forma Consolidated Capitalization

The following table sets forth the pro forma consolidated capitalization of the Resulting Issuer as at May 31, 2021 as it relates to Germinate and June 30, 2021 as it relates to Target, after giving effect to the Qualifying Transaction.

Designation of Security	Amount authorized or to be authorized	Upon Completion of the Qualifying Transaction and the Concurrent Offering and Conversion of a Portion of the Convertible Loan
Resulting Issuer Shares	Unlimited	42,784,337
Resulting Issuer Options ⁽¹⁾	Up to 10% of the outstanding Resulting Issuer Shares	3,600,000
Germinate Agent's Warrants	N/A	250,000
Resulting Issuer Warrants ⁽²⁾	N/A	3,403,824 ⁽³⁾⁽⁴⁾
Convertible Loan	N/A	833,333 ⁽⁵⁾

Notes:

- (1) 450,000 Resulting Issuer Options will expire on April 20, 2031 with 3,150,000 Resulting Issuer Options to be issued on closing of the Qualifying Transaction and expiring 5 years following the date of such issuance.
- (2) The Resulting Issuer Warrants will expire two years from the date of issuance.
- (3) Assuming the conversion of 5,000,000 Subscription Receipts pursuant to the Concurrent Offering and the issuance of 1,666,667 Units upon conversion of the Convertible Loan.
- (4) Assuming the issuance of a maximum of 70,490 Finder's Warrants, issued at a price of \$0.30 per Finder's Warrant.
- (5) 833,333 Resulting Issuer Shares subject to issuance upon the conversion of \$250,000 principal amount anticipated to be outstanding pursuant to the Convertible Loan following closing of the Transaction.

Fully Diluted Share Capital

The following table sets forth the securities of the Resulting Issuer proposed to be outstanding on a fully-diluted basis after giving effect to the Qualifying Transaction:

Designation of Security	Number of Securities After Giving Effect to the Qualifying Transaction, the Concurrent Offering and Conversion of a Portion of the Convertible Loan	Approximate Percentage of Total (%)	Exercise Price
Resulting Issuer Shares	42,784,337 ⁽¹⁾	84.09%	N/A
Resulting Issuer Options	3,600,000 ⁽²⁾	7.08%	\$0.10 and \$0.30
Germinate Agent's Warrants	250,000	0.49%	\$0.10
Resulting Issuer Warrants	3,410,808 ⁽³⁾	6.70%	\$0.30 and \$0.60
Convertible Loan	833,333 ⁽⁴⁾	1.64%	\$0.30
Total Fully Diluted	50,878,478	100.00%	N/A

Notes:

- (1) Consists of 4,800,000 Germinate Shares issued prior to the Transaction, 32,151,003 Resulting Issuer Shares issued to Target shareholders pursuant to the Share Exchange Agreement, 5,000,000 Resulting Issuer Shares issued following conversion of the Subscription Receipts pursuant to the Concurrent Offering and 833,333 Resulting Issuer Shares issued following conversion of a portion of the Convertible Loan pursuant to the Convertible Loan Agreement on closing of the Transaction.
- (2) Consists of 450,000 Resulting Issuer Options outstanding as of the date hereof and 3,150,000 Resulting Issuer Options to be issued in connection with closing of the Qualifying Transaction.

- (3) Assuming the issuance of a maximum of 3,333,333 Warrants and a maximum of 77,475 Finder’s Warrants issuable under the Concurrent Offering and pursuant to conversion of the Convertible Loan.
- (4) 833,333 Resulting Issuer Shares subject to issuance upon the conversion of \$250,000 principal amount anticipated to be outstanding pursuant to the Convertible Loan following closing of the Transaction.

Available Funds and Principal Purposes

As of September 30, 2021, the most recent month end prior to the date of this Filing Statement, Germinate had working capital of approximately \$1,640,000 and Target had working capital of approximately \$1,704,000. The consolidated pro forma working capital position of the Resulting Issuer is \$3,484,207.

As a result, as at the date of this Filing Statement, the estimated funds available to the Resulting Issuer after giving effect to the Qualifying Transaction and the Concurrent Offering, prior to deducting the expenses of the Qualifying Transaction and the Concurrent Offering, are approximately \$3,267,699.

Principal Purposes

The following table sets out the principal purposes, using approximate amounts, for which the Resulting Issuer currently intends to use the total available funds upon completion of the Qualifying Transaction and the Concurrent Offering over the 12 months following the completion of the Qualifying Transaction.

Item	Budgeted Expenditures
Costs of Germinate and Target to complete the Qualifying Transaction ⁽¹⁾	\$330,743
General and administrative expenses for the next 12 months	\$1,588,000 ⁽²⁾
Marketing, Research & Development	\$790,000 ⁽³⁾
Unallocated working capital	\$558,956
Total	\$3,267,699

Notes:

- (1) Includes Finder’s Fee of \$23,242.52 payable in connection with the Concurrent Offering and a total of \$7,500 payable in connection with the Convertible Loan.
- (2) The general and administrative expenses are comprised of salaries & benefits (\$1,150,000) consulting fees (\$140,000), audit fees (\$35,000), legal fees (\$120,000), annual filing fees (\$25,000), transfer agent fees (\$12,000), insurance (\$15,000), rent (\$46,000), and other general and administrative expenses (\$45,000).
- (3) The marketing and research & development expenses are comprised of marketing (\$210,000) and research & development (\$580,000).

There may be circumstances where, on the basis of results obtained or for other sound business reasons, a re-allocation of funds may be necessary or prudent. Accordingly, management of the Resulting Issuer will have broad discretion in the application of the working capital. The actual amount that the Resulting Issuer spends in connection with each intended purpose set out above may vary significantly from the amounts specified above and will depend on a number of factors, including those referred to under “Part I - Risk Factors”.

Dividend Policy

The Resulting Issuer does not currently have any plans to pay dividends for the foreseeable future. The future dividend policy of the Resulting Issuer will be determined by the Resulting Issuer Board.

Principal Securityholders

To the knowledge of the management of Germinate and Target, no person is anticipated to own, as the owner of record or beneficially, directly or indirectly, or exercise control or direction over, more than 10% of the outstanding shares of any class of the Resulting Issuer (each a “**principal shareholder**”) after giving effect to the Qualifying Transaction and the Concurrent Offering except as stated below:

Name	Total Resulting Issuer Shares Held	Type of Ownership	Total Ownership on an Undiluted Basis	Total Ownership on a Fully Diluted Basis
Jim Elliott, Vancouver, British Columbia	8,509,334 ⁽¹⁾	Direct and Indirect	19.51% ⁽²⁾	19.89% ⁽³⁾

Notes:

- (1) Includes 5,651,334 Resulting Issuers held by Mr. Elliott directly and 2,858,000 Resulting Issuer Shares held by Athlone Ltd., a company controlled by Mr. Elliott.
- (2) Based on 42,784,337 Resulting Issuer Shares outstanding on an undiluted basis following completion of the Qualifying Transaction and conversion of the Subscription Receipts issued pursuant to the Concurrent Offering and conversion of the Convertible Loan pursuant to the terms of the Convertible Loan Agreement.
- (3) Based on 50,878,478 Resulting Issuer Shares outstanding on a fully diluted basis after giving effect to: (i) the issuance of 32,151,003 Resulting Issuer Shares pursuant to the Qualifying Transaction; (ii) the issuance of 1,666,667 Resulting Issuer Shares on conversion of the Convertible Loan; (iii) the issuance of 5,000,000 Resulting Issuer Shares on conversion of the Subscription Receipts issued pursuant to the Concurrent Offering; and (iv) assuming conversion of the following convertible securities: (A) 3,600,000 Resulting Issuer Options; (B) 250,000 Germinate Agent’s Warrants; (C) 77,475 Finder’s Warrants; and (D) 3,333,333 Warrants subject to issuance upon conversion of the Subscription Receipts and Convertible Loan..

Directors, Officers and Promoters

Board of Directors

The Resulting Issuer Board will be comprised of four directors.

Upon completion of the Qualifying Transaction, it is expected that the Resulting Issuer Board will consist of Craig Fraser, Daniel Davies, Mark Brown and Sarah Weber.

It is further expected that the management of the Resulting Issuer will consist of Craig Fraser (Chief Executive Officer), Daniel Davies (President and Chief Technology Officer) and Robert J. Doyle (Chief Financial Officer and Corporate Secretary). All officers of Germinate and one director, Alexandre Heath, will resign at the closing of the Qualifying Transaction.

The following table sets out, for each director and officer of the Resulting Issuer (assuming the completion of the Qualifying Transaction), the individual’s name, province of residence, position(s) to be held with the Resulting Issuer, age, principal occupation(s) within the five preceding years, the number of Resulting Issuer Shares beneficially owned, directly or indirectly, or over which control or direction

will be exercised, and, if a director, the year in which the individual became a director of Target. The Resulting Issuer's directors will be elected annually and, unless re-elected, retire from office at the end of the next annual general meeting of shareholders.

Name, Province and Country of Residence	Proposed Positions with the Resulting Issuer	Age	Director of Target Since	Principal Occupation During the Past Five Years	Number (and approximate %) of Resulting Issuer Shares to be Owned after the Qualifying Transaction, the Concurrent Offering and Conversion of the Convertible Loan ⁽¹⁾
Craig Fraser ⁽³⁾ <i>British Columbia, Canada</i>	Chief Executive Officer and Director	44	February 7, 2020	Founder of BEACN TC Helicon Senior Product Manager (from 2011 to 2019)	4,000,000 9.35%
Daniel Davies ⁽³⁾ <i>British Columbia, Canada</i>	President, Chief Technology Officer and Director	35	February 7, 2020	Founder of BEACN TC Helicon Senior Project Engineering Lead (from 2006 to 2019)	4,000,000 9.35%
Robert J. Doyle <i>British Columbia, Canada</i>	Chief Financial Officer and Corporate Secretary	66	N/A	Vice President, Pacific Opportunity Capital Ltd. and officer of several public companies	68,000 0.16%
Mark T. Brown ⁽³⁾ <i>British Columbia, Canada</i>	Director ⁽²⁾	53	N/A	President, Pacific Opportunity Capital Ltd. and director of several public companies	2,375,666 ⁽⁴⁾ 5.55%
Sarah Weber ⁽³⁾ <i>British Columbia, Canada</i>	Director ⁽²⁾	46	N/A	Chief Executive Officer of C3 Alliance Corp.	300,000 0.70%

Notes:

- (1) On a non-diluted basis.
- (2) Independent director.
- (3) Member of the Audit Committee.
- (4) Includes 500,000 Germinate Shares held by Mr. Brown directly, 1,000,000 Germinate Shares held by Pacific Opportunity Capital Ltd., a company controlled by Mr. Brown, 833,333 Resulting Issuer Shares to be issued to Pacific Opportunity Capital Ltd. on conversion of the Convertible Loan and 42,333 Resulting Issuer Shares to be issued to Mr. Brown on conversion of Subscription Receipts issued pursuant to the Concurrent Offering.

Assuming the completion of the Qualifying Transaction, the directors and officers of the Resulting Issuer (as a group) will own, or exercise direction or control over, approximately 25.11% and 21.12% of Resulting Issuer Shares on a non-diluted basis and fully-diluted basis, respectively.

See "*Part III – Information Concerning Target – Executive Compensation – Employment and Consulting Contracts*".

Biographies

The following are brief profiles of the proposed members of management and directors of the Resulting Issuer.

Craig Fraser – Chief Executive Officer and Director, Age 44

Craig Fraser brings more than 25 years of experience in recording and broadcast audio, product management/development and marketing to BEACN.

From being the "PA guy" in a band that saw successful regional radio airplay, running a recording and jingle studio, to most recently leading the gaming and streaming vertical in a well-known music industry company, Craig has shown consistent strength in both tech development/marketing and business leadership.

Craig's professional successes took him from an entry-level tech support specialist to leading all outward-facing social interactions as a community leader, to developing/managing multiple financially successful products, to leading a new vertical that was conceptualized, built, and driven to fruition with a clear eye on the emerging streaming and gaming markets.

While watching Twitch TV "from the side of his desk" Craig noted the struggles streamers/gamers were having with audio and technical applications. That "lightbulb moment" led to attending multiple TwitchCon and other trade shows, meeting with VIPs from the industry, and ultimately designing and releasing multiple successful products into the market. This user-focused approach works especially well in a growing and relationship-based industry. "Just ask people. They will tell you what they want and it's up to us to interpret their desires and give them what they need."

Mr. Fraser will devote approximately 100% of his time to the Company.

Daniel Davies – President, Chief Technology Officer and Director, Age 35

With more than 15 years of experience in product development, Daniel leads all aspects of engineering and operations and is intimately involved in each product delivered by BEACN. Obsessed with taking blue-sky ideas and turning them into tangible products that simplify and enhance the lives of customers, he has spent his entire career honing the craft of designing, engineering, manufacturing, and leading teams to create low cost, high value consumer products. Daniel holds a Bachelor of Engineering from the University of Victoria and a project management professional (PMP) designation. He acts as the integrator between engineering, manufacturing, marketing/sales, and finance, keeping BEACN focused on its overarching financial and business goals.

Mr. Daniels will devote approximately 100% of his time to the Company.

Robert J. Doyle – Chief Financial Officer and Corporate Secretary, Age 66

Mr. Doyle, CPA, CA, will be appointed as the Chief Financial Officer of Germinate upon completion of the QT. Mr. Doyle is Sr. VP at Pacific Opportunity, is an officer of several publicly listed companies, has more than 30 years experience in mergers & acquisitions for succession planning in Canada and the USA, holds Bachelor of Science and Licentiate of Accounting degrees from the University of British Columbia, and articulated with Touche Ross & Co., now Deloitte LLP. Mr. Doyle will be an active participant in managing and promoting the growth of BEACN with strong financial management, planning, and execution.

Mr. Doyle will devote approximately 25% of his time to the Company.

Mark Brown – Director, Age 53

Mr. Brown, CPA, CA, is the President and a director of Pacific Opportunity Capital Ltd., a financial consulting and merchant banking firm active in venture capital markets in North America. Mr. Brown's role at Pacific Opportunity Capital Ltd. focuses on providing constructive financial support to a range of companies that Pacific Opportunity Capital Ltd. invests in. Mr. Brown's background includes founding Rare Element Resources Ltd., which was listed on the Toronto Stock Exchange and the NYSE AMEX. Mr. Brown has a Bachelor of Commerce degree from the University of British Columbia and became a Chartered Accountant with PricewaterhouseCoopers in 1993.

Mr. Brown will devote approximately 10% of his time to the Company.

Sarah Weber – Director, Age 46

Ms. Weber is a professional geoscientist with over 25 years of diversified experience in the natural resource sector. She is a skilled professional with proven track record of building positive relationships between industry, government, Indigenous communities and NGOs. She has recently completed the Executive MBA program at SFU Beedie, notably receiving the top mark in the Board Governance course. She has extensive experience with BC in community engagement, working with over 30 First Nations communities in the field of natural resource development, including mining, forestry, energy, and aquaculture. She has served as a senior technical editor, is skilled at media relations, and has experience in policy development, association governance, conference management and event planning. She has practical, international field experience as a project geologist in Panama and the Solomon Islands, and worked in Canada on railway, pipeline, and mineral development projects as an engineering geologist. As a regulatory specialist, she has permitted multi-stage mineral exploration projects in Yukon and BC. She is the former Director, Communications and Member Services, for the Association for Mineral Exploration British Columbia ("AME BC"). In this role, she served as the Editor of the AME BC mineral sector publication, Mineral Exploration Magazine, and participated as the mining industry representative to the Muskwa- Kechika Management Area Advisory Board.

Ms. Weber will devote approximately 10% of her time to the Company.

Resulting Issuer Board Mandate

It is expected that the Resulting Issuer Board will adopt a written charter describing, *inter alia*, its role and overall responsibility to supervise the management of the business and affairs of the Resulting Issuer following completion of the Qualifying Transaction (the "Board Mandate").

Ethical Business Conduct

It is expected that the Resulting Issuer Board will adopt a written code of ethics (the “Code”) applicable to all of its employees, executive officers and directors following completion of the Qualifying Transaction.

Committees of the Board of Directors

The Resulting Issuer Board will establish an Audit Committee following the completion of the Qualifying Transaction, and may elect to establish a Compensation Committee.

Audit Committee

The Audit Committee will be comprised of Mark T. Brown, Sarah Weber and Daniel Davies. Mark T. Brown and Sarah Weber meet the requirements for independence under NI 58-101. Mark T. Brown will be the Chair of the Audit Committee. For the education and experience of each member of the Audit Committee relevant to the performance of his or her duties as a member of the Audit Committee, see “*Directors, Officers and Promoters – Biographies*”.

Each of the proposed members of the Audit Committee is financially literate within the meaning of NI 52-110. A director is “financially literate” within the meaning of NI 52-110 if he has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Resulting Issuer’s financial statements.

The Audit Committee shall be responsible for overseeing the accounting and financial reporting practices of the Resulting Issuer and audits of the Resulting Issuer’s financial statements. The Audit Committee’s responsibilities also include the selection, recommendation and oversight of the Resulting Issuer’s independent auditors, as well as the oversight of its internal audit process and system of internal controls over financial reporting and disclosure. The Audit Committee shall also be responsible for the pre-approval of all non-audit services to be provided to the Resulting Issuer by its independent auditors.

Compensation Committee

The Resulting Issuer may elect to form a compensation committee in the future.

Promoter Consideration

Craig Fraser and Daniel Davies may each be considered a promoter of Target and the Resulting Issuer for the purposes of applicable securities laws.

As of the date hereof, Craig Fraser, with his Affiliates, beneficially owns, controls or directs, directly or indirectly, 4,000,000 Target Shares, comprising approximately 12.44% of the issued and outstanding 32,151,003 Target Shares prior to giving effect to the Qualifying Transaction, and, with its Affiliates, will beneficially own, control or direct, directly or indirectly, 4,000,000 Resulting Issuer Shares after giving effect to the Qualifying Transaction (inclusive of the Resulting Issuer Shares issued pursuant to the Concurrent Offering and the transfer of shares contemplated by the Share Purchase Agreements), comprising approximately 9.35% of the issued and outstanding Resulting Issuer Shares.

As of the date hereof, Daniel Davies, with his Affiliates, beneficially owns, controls or directs, directly or indirectly, 4,000,000 Target Shares, comprising approximately 12.44% of the issued and outstanding 32,151,003 Target Shares prior to giving effect to the Qualifying Transaction, and, with its Affiliates, will beneficially own, control or direct, directly or indirectly, 4,000,000 Resulting Issuer Shares after giving effect to the Qualifying Transaction (inclusive of the Resulting Issuer Shares issued pursuant to the Concurrent Offering and the transfer of shares contemplated by the Share Purchase Agreements), comprising approximately 9.35% of the issued and outstanding Resulting Issuer Shares.

Corporate Cease Trade Orders or Bankruptcies

Except as otherwise set out below, no proposed director, officer or promoter of the Resulting Issuer is, or within the ten years prior to the date of this Filing Statement has been, a director, officer, or promoter of any person or company that, while that person was acting in that capacity, (a) was the subject of a cease trade order or similar order, or an order that denied the other issuer access to any exemptions under applicable securities law, for a period of more than 30 consecutive days, or (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mark Brown, a director of the Company, was formerly a director of Ascent Industries Corp. ("**Ascent**"), a company listed on the Canadian Securities Exchange. Mr. Brown resigned as a director of Ascent on February 13, 2019. On Friday, March 1, 2019, the Supreme Court of British Columbia issued an order granting Ascent's application for creditor protection under the *Companies' Creditors Arrangement Act* (Canada) ("**CCAA**") to address near term liquidity issues. On April 5, 2019, Ascent sold its Canadian Assets for \$41.5 million and repaid all liabilities. Ascent has subsequently changed its name to Luff Enterprises Ltd. and has been discharged from CCAA protection.

Mark Brown, a director of the Company, was formerly a director of Sutter Gold Mining Inc. ("**SGM**"). On May 6, 2019, SGM received a cease trade order issued by the British Columbia Securities Commission for failure to file audited financial statements and Management's Discussion & Analysis for the year ended December 31, 2018. SGM's listing on the TSX Venture Exchange remains suspended until SGM meets TSX Venture Exchange's requirements and upon the revocation of the cease trade order. On May 21, 2019, Mr. Brown resigned as a director of SGM.

Penalties or Sanctions

No proposed director, officer or promoter of the Resulting Issuer, nor securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision concerning the Transaction.

Personal Bankruptcies

No proposed director, officer or promoter of the Resulting Issuer, nor securityholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, nor a personal holding company of any such person has, within the 10 years before the date of

the Filing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such proposed director or officer, or personal holding company of any such person.

Conflicts of Interest

Directors and officers of the Resulting Issuer also serve as directors and/or officers of other companies and may be presented from time to time with situations or opportunities which give rise to apparent conflicts of interest which cannot be resolved by arm’s length negotiations, but only through exercise by the officers and directors of such judgment as is consistent with their fiduciary duties to the Resulting Issuer which arise under British Columbia corporate law, especially insofar as taking advantage, directly or indirectly, of information or opportunities acquired in their capacities as directors or officers of the Resulting Issuer. All conflicts of interest will be resolved in accordance with the BCBCA. Any transactions with officers and directors will be on terms consistent with industry standards and sound business practice in accordance with the fiduciary duties of those persons to the Resulting Issuer, and, depending upon the magnitude of the transactions and the absence of any disinterested board members, may be submitted to the shareholders for their approval.

For information concerning the director and officer positions held by the proposed directors of the Resulting Issuer, please see "Other Reporting Issuer Experience" directly below.

Other Reporting Issuer Experience

The following table sets out for each proposed directors, officers and promoters of the Resulting Issuer that is, or has been within the last five years, a director, officer or promoter of any other reporting issuer the names and jurisdictions of those reporting issuers and the periods during which the individual has so acted:

Proposed Individual	Name and Jurisdiction of Reporting Issuer	Position	From	To
Robert J. Doyle	Medallion Resources Ltd. (TSXV)	Chief Financial Officer	August 2020	Present
	Visionary Gold Corp. (TSXV)	Chief Financial Officer	December 2020	Present
Sarah Weber	Snowline Gold Corp. (CSE)	Director	February 2021	Present
Mark Brown	Avrupa Minerals Ltd. (TSXV)	Director	January 2008	Present
	Alianza Minerals Ltd. (TSXV)	Director	February 2014	Present
	Strategem Capital Corporation (TSXV)	Director	September 2001	October 2020
	Almaden Minerals Ltd. (TSX)	Director and former Chief Financial Officer	June 2011	June 2021
	Almadex Minerals Ltd. (TSXV)	Director	February 2018	June 2021
	Mountain Boy Minerals Ltd. (TSXV)	Director	December 2017	Present

Proposed Individual	Name and Jurisdiction of Reporting Issuer	Position	From	To
	Azucar Minerals Ltd. (TSXV)	Director	May 2015	June 2021
	East West Petroleum Corp. (TSXV)	Director	April 2019	Present
	Heliostar Metals Ltd. (TSXV)	Chief Financial Officer	March 2017	December 2020
	Orestone Mining Corp. (TSXV)	Chief Financial Officer	July 2017	Present
	Mich Resources Ltd. (CSE)	Director, Chief Executive Officer	August 2018	Present
	Adamera Minerals Corp. (TSXV)	Chief Financial Officer	March 2017	Present
	Au Gold Corp. (TSXV)	Director	December 2020	Present
	Gold Terra Resources Corp. (TSXV)	Chief Financial Officer	April 2020	Present
	Fjordland Exploration Inc. (TSXV)	Chief Financial Officer	April 2021	Present
	Copper Fox Metals Inc. (TSXV)	Chief Financial Officer	April 2021	Present
	Sutter Gold Mining Inc. (TSXV)	Director	November 2000	May 2019
	Big Sky Petroleum Corporation (TSXV)	Director and Chief Executive Officer	May 2008	December 2018
	Paget Minerals Ltd. (TSXV)	Director, President	November 2015	August 2018
	Ascent Industries Corp. (CSE)	Director	August 2018	February 2019
	Affinor Growers Inc. (CSE)	Chief Financial Officer	December 2015	March 2018
	Galileo Minerals Ltd. (TSXV)	Director, Chief Financial Officer	August 2000	January 2018
	Mineral and Financial Investments Ltd. (LSE-AIM)	Director and Chair	February 10, 2021	Present

Executive Compensation

It is currently anticipated that the Resulting Issuer will have three NEO's who are the focus of this "Executive Compensation" section:

Named Executive Officer	Position
Craig Fraser	Chief Executive Officer
Daniel Davies	President and Chief Technology Officer
Robert J. Doyle	Chief Financial Officer and Corporate Secretary

Compensation Discussion and Analysis

Compensation Objectives and Governance

The Resulting Issuer will be responsible for matters relating to the attraction, compensation, evaluation and retention of key senior management employees, and in particular the Resulting Issuer's Chief Executive Officer, with the skills and expertise needed to enable the Resulting Issuer to achieve its goals and strategies at fair and competitive compensation and appropriate performance incentives.

It is expected that the Resulting Issuer will adopt a holistic executive compensation program following the completion of the Qualifying Transaction that will be designed to reinforce a strong link between pay and performance in order to attract leading talent, retain and motivate top performers, promote a pay for performance culture with an emphasis on variable compensation, specifically annual incentives, and align with good or best market practices for a TSXV-listed company.

It is expected that compensation of the Resulting Issuer's executives will consist primarily of a salary component, with both short-term and long-term incentive components available.

The salary may be paid directly, in an employment relationship, or through consulting fees. The component of compensation that is not at risk comprises base salary or fee, which is designed to compensate the executive officers for fulfilling their day-to-day responsibilities, and to ensure the Resulting Issuer is able to attract and motivate talent.

The design of the short-term incentive plan will be to introduce structure to the compensation program while allowing the Resulting Issuer Board to exercise informed judgment when evaluating performance. The short-term incentive plan design will consider the Resulting Issuer's stage of development and operating environment. As financial and operational measures may be difficult to define for the Resulting Issuer while it is in its early business development stages, the objectives for short-term incentives will largely focus on milestones to meeting the Resulting Issuer's longer-term strategy until the Resulting Issuer can use quantifiable operating metrics on a regular basis, and as such, the expected number of formal objectives, or criteria for the short-term incentive component may be limited.

The long-term incentive component of the compensation program will be designed to focus management on longer-term results (e.g. 3-5 years), increase retention (as awards will generally be forfeited upon exit from the organization), ensure the Resulting Issuer's compensation program is competitive within its peer group, and align the interests of management with shareholders through both direct and notional equity ownership.

The Resulting Issuer Board will meet at least annually to specifically review compensation policies and to consider the overall compensation to be paid by the Resulting Issuer to its employees, executive officers and directors. In reviewing and assessing compensation, the Resulting Issuer Board will consider each executive's performance and other relevant factors against the achievement of any identified short-term and long-term objectives, the scope of each executive's position and responsibilities, the current business and operating environment and any anticipated changes, as well as executive retention and recruitment considerations.

The Resulting Issuer Board will provide regular oversight of the Resulting Issuer's risk management practices, and may form a Compensation Committee and delegate to such committee the responsibility to provide risk oversight of compensation policies and practices and to identify and mitigate compensation policies and practices that could encourage inappropriate or excessive risk taking by the executive team.

The Resulting Issuer's compensation policies and practices are expected to be appropriate for the Resulting Issuer's industry and stage of development and such policies and practices are not expected to have associated with them any risks that are reasonably likely to have a material adverse effect on the Resulting Issuer or which would encourage a NEO to take any inappropriate or excessive risks.

Share-based and Option-based Awards, Germinate Option Plan

The Resulting Issuer will utilize the "rolling" stock option plan of Germinate. Pursuant to the Germinate Option Plan, the Resulting Issuer can grant options up to a maximum of 10% of the Resulting Issuer's issued and outstanding share capital at the time of grant. For further information regarding the terms of the Germinate Option Plan, refer to the heading "*Part II - Information Concerning Germinate – Stock Option Plan*" above.

The Resulting Issuer Board will delegate to the Compensation Committee the responsibility for administering and interpreting the Resulting Issuer's security based compensation arrangements and policies respecting the grant of awards under the Stock Option Plan and the terms thereof.

Summary Compensation Table – Expectation

In the 12-month period after giving effect to the Transaction, the Resulting Issuer anticipates compensating the NEOs as follows. No specific compensation agreements with the Resulting Issuer are currently in place and the compensation amounts are subject to discussion with the Resulting Issuer Board:

TABLE OF COMPENSATION EXCLUDING COMPENSATION SECURITIES							
Name and Principal Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation ⁽¹⁾ (\$)
Craig Fraser, <i>Chief Executive Officer</i>	2021	95,000	Nil	Nil	3,300	Nil	98,300
	– 2022	150,000	Nil	Nil	3,500	97,750 ⁽³⁾	251,250
Daniel Davies, <i>Chief Technology Officer and President</i>	2021	95,000	Nil	Nil	3,300	Nil	98,300
	– 2022	150,000	Nil	Nil	3,500	97,750 ⁽³⁾	251,250
Robert J. Doyle <i>Chief Financial Officer and Corporate Secretary</i>	2021	35,000 ⁽²⁾	Nil	Nil	Nil	Nil	35,000
	- 2022	60,000 ⁽²⁾	Nil	Nil	Nil	29,750 ⁽³⁾	89,750

Notes:

- (1) These fees have not yet been finalized and must be approved by the board of directors of the Resulting Issuer after closing of the Transaction.
- (2) Anticipated fee to Pacific Opportunity Capital Ltd.
- (3) Value of the Resulting Issuer Options to be granted upon closing of the Transaction calculated based on Black-Scholes Pricing Model with these assumptions: a life of 5 years, annualized volatility of 31.01% and a risk free rate of return of 0.74%.

The NEOs are not currently entitled to any share-based awards, option-based awards, incentive plan compensation, pension value or any other forms of compensation.

Employment and Consulting Contracts

The Resulting Issuer expects to enter into consulting agreements with its NEOs that are customary of issuers in a similar industry and a comparable size, on an hourly basis for their services. The NEOs will also be reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Resulting Issuer.

As of the date of this Filing Statement, the Company has not entered into any agreements with respect to the remuneration of its NEOs.

Pension Plan Benefits

The Resulting Issuer does not anticipate having a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

Director Compensation

It is anticipated that the Resulting Issuer will pay compensation by way of an annual grant of Options under the Germinate Stock Option Plan at an exercise price determined in accordance with the Germinate Stock Option Plan, and vesting in accordance with the terms of the Germinate Stock Option Plan. Directors will also be reimbursed for their out-of-pocket expenses incurred in connection with rendering services to the Resulting Issuer.

Indebtedness of Directors and Officers

Following the completion of the Qualifying Transaction, no person who is a director, or officer of Germinate or Target (or was at any time during the most recently completed financial year of Germinate or Target, respectively) or proposed to be a director or officer of the Resulting Issuer, is indebted to Germinate or Target or whose indebtedness to another entity is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Germinate or Target.

Investor Relations Arrangements

The Resulting Issuer has no plans to enter any agreements or understandings, either written or oral, with any person to provide promotional or investor relations services.

Options to Purchase Securities

As of the date of this Filing Statement, assuming the completion of the Qualifying Transaction, the following options and other rights to purchase Resulting Issuer Shares will be outstanding:

Type of Security	Aggregate Number of Securities under option	Holder Category	Exercise Price	Expiry Date	Value of securities under option at the date of grant	Value of securities under option at the Effective Date
Resulting Issuer Options	450,000 ⁽¹⁾	Directors and Other Persons	\$0.10	April 20, 2031	\$0.10	Nil
Resulting Issuer Options	3,150,000 ⁽²⁾	Directors, Officers, Consultants and Employees	\$0.30	(3)	\$0.30	Nil

Notes:

- (1) Comprised of: 112,500 Options held by Mark Brown; 112,500 Options held by Sarah Weber; 112,500 Options held by Winnie Wong; and 112,500 Options held by Alexandre Heath.
- (2) It is anticipated that in connection with closing of the Qualifying Transaction, the Resulting Issuer will issue 3,150,000 Options to certain directors, officers and consultants of the Resulting Issuer.
- (3) The Options will expire 5 years following the date of issuance.

The Resulting Issuer intends to keep Germinate’s 10% rolling stock option plan following Completion of the Qualifying Transaction. See “Part II – Information Concerning Germinate – Stock Option Plan.”

It is anticipated that the 3,150,000 Options to be issued in connection with closing of the Qualifying Transaction will be issued as follows:

Name and Position of Holder	Resulting Issuer Options (#)	Exercise Price (\$)	Expiry Date
Craig Fraser (Director, CEO)	1,150,000	\$0.30	(2)
Daniel Davies (Director, CTO)	1,150,000	\$0.30	(2)
Robert Doyle (CFO)	350,000	\$0.30	(2)
Mark T. Brown (Director)	100,000	\$0.30	(2)
Sarah Weber (Director)	100,000	\$0.30	(2)
Employees (6 people)	175,000	\$0.30	(2)
Consultants (3 people)	125,000	\$0.30	(2)
Total:	3,150,000⁽¹⁾		

Note:

- (1) To be issued in connection with closing of the Qualifying Transaction.
- (2) The Options will expire 5 years following the date of issuance.

Escrowed Securities

Under the CPC Escrow Agreement, an aggregate of 2,300,000 Germinate Shares held by Mark Brown, Sarah Weber, Alexandre Heath and Winnie Wong are currently held in escrow pursuant to the rules of the TSXV.

To the knowledge of Germinate and Target, as of the date hereof the following table sets out the number of Resulting Issuer Shares which are or will be subject to escrow pursuant to the rules of the TSXV.

Name and municipal residence of securityholder	Designation of Class	Prior to giving effect to the Qualifying Transaction, Concurrent Offering and Conversion of Convertible Loan		After giving effect to the Qualifying Transaction, Concurrent Offering and Conversion of Convertible Loan	
		Number of securities held in escrow	Percentage of class ⁽¹⁾	Number of securities to be held in escrow	Percentage of class ⁽¹⁾
Mark Brown <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	500,000 ⁽²⁾⁽³⁾	10.42%	500,000 ⁽²⁾⁽³⁾	1.17%
Sarah Weber <i>Port Coquitlam, British Columbia</i>	Resulting Issuer Shares	300,000 ⁽²⁾⁽⁴⁾	6.25%	300,000 ⁽²⁾⁽⁴⁾	0.70%
Alexandre Heath <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	300,000 ⁽²⁾⁽⁵⁾	6.25%	300,000 ⁽²⁾⁽⁵⁾	0.70%
Winnie Wong <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	200,000 ⁽²⁾⁽⁶⁾	4.17%	200,000 ⁽²⁾⁽⁶⁾	0.47%
Pacific Opportunity Capital Ltd. ⁽⁷⁾ <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	1,000,000 ⁽²⁾⁽⁷⁾	20.83%	1,000,000 ⁽²⁾⁽⁷⁾	2.34%
Craig Fraser, <i>Victoria, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	4,000,000 ⁽⁸⁾	9.35%
Daniel Davies, <i>Victoria, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	4,000,000 ⁽⁸⁾	9.35%
Robert J. Doyle <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	1,000 ⁽⁸⁾	0.00%
Jim Elliott, <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	2,500,000 ^{(9), (10)}	5.84%
Novas Capital Corp. <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	700,000 ⁽⁹⁾	1.64%
David Howard <i>West Vancouver, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	700,000 ⁽⁹⁾	1.64%

Name and municipal residence of securityholder	Designation of Class	Prior to giving effect to the Qualifying Transaction, Concurrent Offering and Conversion of Convertible Loan		After giving effect to the Qualifying Transaction, Concurrent Offering and Conversion of Convertible Loan	
		Number of securities held in escrow	Percentage of class ⁽¹⁾	Number of securities to be held in escrow	Percentage of class ⁽¹⁾
John H. Fraser <i>Vancouver, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	350,000 ⁽⁹⁾	0.82%
Lars Christensen <i>Sidney, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%
Luke Zaoral <i>Sooke, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%
Calvin Ma <i>Victoria, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%
Gerry Kurz <i>North Saanich, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%
Kyler Short <i>Victoria, British Columbia</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%
John Horstman <i>San Jose, California USA</i>	Resulting Issuer Shares	Nil	0.00%	250,000 ⁽⁹⁾	0.58%

Notes:

- (1) Calculated on a non-diluted basis.
- (2) Held pursuant to the CPC Escrow Agreement.
- (3) In addition, Mark T. Brown holds 112,500 Resulting Issuer Options subject to the CPC Escrow Agreement.
- (4) In addition, Sarah Weber holds 112,500 Resulting Issuer Options subject to the CPC Escrow Agreement.
- (5) In addition, Alexandre Heath holds 112,500 Resulting Issuer Options subject to the CPC Escrow Agreement.
- (6) In addition, Winnie Wong holds 112,500 Resulting Issuer Options subject to the CPC Escrow Agreement.
- (7) Pacific Opportunity Capital Ltd. is a company controlled by Mark T. Brown, a proposed director of the Resulting Issuer. Mark T. Brown also holds 500,000 Resulting Issuer Shares in his own name.
- (8) Held pursuant to the Surplus Escrow Agreement.
- (9) Held pursuant to the Value Escrow Agreement.
- (10) Comprised of 2,500,000 Resulting Issuer Shares held by Athlone Ltd., a company controlled by Mr. Elliott.

The Escrow Agent is escrow agent for the CPC Escrow Agreement, the Value Escrow Agreement and the Surplus Escrow Agreement.

The CPC Escrow Agreement includes the following principal terms:

- 25% of the securities subject to escrow will be released from escrow on the date of issuance of a Final Exchange Bulletin (the “CPC Initial Release”); and

- the remaining escrowed securities will be released in three tranches of 25% every six months following the date of the CPC Initial Release.

The Value Escrow Agreement include the following principal terms:

- 10% of the securities subject to escrow will be released from escrow on the date of issuance of a Final Exchange Bulletin (the “**Value Initial Release**”); and
- the remaining escrowed securities will be released in six tranches of 15% every six months following the date of the Value Initial Release.

The Surplus Escrow Agreement includes the following principal terms:

- 5% of the securities subject to escrow will be released from escrow on the date of issuance of a Final Exchange Bulletin (the “**Surplus Initial Release**”); and
- the remaining escrowed securities will be released in tranches every six months following the date of the Surplus Initial Release as follows: 5%, 10%, 10%, 15%, 15% and 40%.

Each of the CPC Escrow Agreement, Value Escrow Agreement and Surplus Escrow Agreement provide that, while in escrow, none of the securities subject to escrow can be transferred, either directly or indirectly through a change in control of a holding company, without the consent of the TSXV.

Seed Share Resale Restriction

In addition, Resulting Issuer Shares issued to non-Principals upon completion of the Qualifying Transaction may be subject to escrow restrictions or hold periods imposed by the TSXV. The purchase price of the underlying Target Shares transferred to Germinate in exchange for the Resulting Issuer Shares pursuant to the Qualifying Transaction and the time of their purchase relative to the date of conditional acceptance of the Qualifying Transaction by the TSXV determines which Exchange hold periods apply. The Resulting Issuer Shares issued to non-Principals which are subject to the Value Escrow Agreement are included in the table set out under the heading “*Escrowed Securities*”.

Auditors, Transfer Agent and Registrar

The Resulting Issuer’s independent auditors are expected to be De Visser Gray LLP, located at 905 West Pender Street, Vancouver, British Columbia, V6C 1L6.

The transfer agent and registrar for the Resulting Issuer Shares will be Computershare Investor Services Inc. at its offices in Vancouver, British Columbia.

PART VI - GENERAL MATTERS

Sponsorship and Relationships

Sponsorship of a TSXV qualifying transaction of a CPC, like the Qualifying Transaction, is required by the TSXV unless exempt therefrom in accordance with the TSXV’s policies or a waiver is obtained. In the absence of an available exemption from the sponsorship requirements, Germinate has obtained a waiver from the TSXV of the TSXV’s sponsorship requirements.

Experts

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds any beneficial interest, direct or indirect, in any securities or property of Germinate or Target or of an Associate or Affiliate of Germinate or Target, respectively, and no such person is expected to be elected, appointed or employed as a director, officer or employee of Germinate or Target or of an Associate or Affiliate of Germinate or Target, respectively.

Other Material Facts

There are no material facts about Germinate or Target or the Qualifying Transaction which are not otherwise disclosed in this Filing Statement.

Germinate Board Approval

The Germinate Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than Germinate, Germinate has relied upon information furnished by such person.

Target Board Approval

The Target Board has approved this Filing Statement. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than Target, Target has relied upon information furnished by such person.

Acknowledgement – Personal Information

“Personal Information” means any information about an identifiable individual, and includes information contained in any Items in the Filing Statement that are analogous to Items 4.2, 11, 12.1, 15, 17.2, 18.2, 23, 24, 26, 31.3, 32, 33, 34, 35, 36, 37, 38, 40 and 41 of Form 3B2 of the TSXV, as applicable.

[Signature page follows]

The undersigned hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by the undersigned to the TSXV pursuant to this Filing Statement; and
- (b) the collection, use and disclosure of Personal Information by the TSXV for purposes described in Appendix 6B of Exchange Form 3B2 or as otherwise identified by the TSXV from time to time.

GERMINATE CAPITAL LTD.

Per: (Signed) "Mark Brown"
Mark Brown, Chief Executive Officer

EXHIBIT "A"
FINANCIAL STATEMENTS OF GERMINATE FOR THE SIX MONTHS ENDED
MAY 31, 2021

GERMINATE CAPITAL LTD.
CONDENSED INTERIM FINANCIAL STATEMENTS
For the six months ended May 31, 2021
(Unaudited)

GERMINATE CAPITAL LTD.

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**NOTICE OF NO AUDITOR REVIEW OF
INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that an auditor has not reviewed the financial statements.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

GERMINATE CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	May 31, 2021	November 30, 2020
Assets		(Unaudited)	(Audited)
Current			
Cash and cash equivalents		\$ 289,052	\$ 69,245
Receivables		3,671	775
Prepaid expense		-	15,000
		292,723	85,020
		\$ 292,723	\$ 85,020
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 40,238	\$ 2,490
Due to related parties	8	9,492	525
		49,730	3,015
Shareholders' equity			
Share capital	6(b), 7	281,534	100,000
Reserves		22,516	-
Deficit		(61,057)	(17,995)
		242,993	82,005
		\$ 292,723	\$ 85,020

Event after the reporting period (Note 9)

These condensed interim financial statements are approved by the Board on July 16, 2021

Approved by the Board of Directors:

"Sarah Weber"

Sarah Weber

"Mark T. Brown"

Mark T. Brown

See the notes to the condensed interim financial statements

GERMINATE CAPITAL LTD.**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

(Presented in Canadian Dollars)

	Note	Three months ended May 31, 2021	Six months ended May 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020
General and administrative		(Unaudited)	(Unaudited)	(Audited)
Accounting and audit fees	8	\$ 9,000	\$ 16,415	\$ -
Bank charges		27	40	5
Legal fees		873	5,873	2,490
Listing fees		588	5,588	-
Professional fees		-	-	15,000
Rent		-	-	500
Share-based payments	6(c)	15,146	15,146	-
Loss from operations		25,634	43,062	17,995
Net loss and comprehensive loss for the period		\$ 25,634	\$ 43,062	\$ 17,995
Basic and diluted loss per share		\$ 0.01	\$ 0.02	\$ 0.04
Weighted average number of common shares outstanding		3,339,130	2,676,923	500,000

See the notes to the condensed interim financial statements

GERMINATE CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Note	Share Capital		Reserves			Total Shareholders' Equity
		Number of shares	Amount	Share-based payments	Finders' Warrants	Deficit	
Balance, August 14, 2020		-	\$ -	\$ -	-	\$ -	\$ -
Seed shares	6(b)	2,000,000	100,000	-	-	-	100,000
Loss for the period		-	-	-	-	(17,995)	(17,995)
Balance, November 30, 2020 (Audited)		2,000,000	100,000	-	-	(17,995)	82,005
Private placement	6(b)	300,000	15,000	-	-	-	15,000
Initial Public Offering	7	2,500,000	250,000	-	-	-	250,000
Share issuance costs		-	(83,466)	-	7,370	-	(76,096)
Share-based payments		-	-	15,146	-	-	15,146
Loss for the period		-	-	-	-	(43,062)	(43,062)
Balance, May 31, 2021 (Unaudited)		4,800,000	\$ 281,534	\$ 15,146	\$ 7,370	\$ (61,057)	\$ 242,993

See the notes to the condensed interim financial statements

GERMINATE CAPITAL LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian Dollars)

	Note	Six months ended May 31, 2021 (Unaudited)	For the Period from Incorporation on August 14, 2020 to November 30, 2020 (Audited)
Cash provided by (used in):			
Operating activities			
Loss for the period	\$	(43,062)	\$ (17,995)
Items not affecting cash:			
Share-based payments		15,146	-
Changes in non-cash working capital items:			
Receivables		(2,896)	(775)
Prepaid expense		15,000	(15,000)
Accounts payable and accrued liabilities		6,008	(5,952)
Due to related parties		8,967	8,967
Net cash used in operating activities		(837)	(30,755)
Financing activities			
Proceeds from issuance of common shares	6(b), 7	265,000	100,000
Share issuance costs		(44,356)	-
Net cash provided by financing activities		220,644	100,000
Change in cash and cash equivalents		219,807	69,245
Cash and cash equivalents, beginning of the period		69,245	-
Cash and cash equivalents, end of the period	\$	289,052	\$ 69,245
Supplemental disclosure with respect to cash flows:			
Fair value of finders' warrants issued on Initial Public Offering	\$	7,370	\$ -
Share issuance costs in accounts payable and accrued liabilities	\$	31,740	\$ -

See the notes to the condensed interim financial statements

GERMINATE CAPITAL LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MAY 31, 2021

(Presented in Canadian Dollars; Unaudited)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Germinate Capital Ltd. (the “Company” or “Germinate”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Since incorporation, the Company’s sole activity has been the preparation of a prospectus to become listed on the TSX Venture Exchange (the “Exchange”) as a “Capital Pool Company” as defined in the Exchange’s Listing Policy 2.4.

As a Capital Pool Company, the principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of such a Qualifying Transaction (“QT”), as defined under Exchange Listing Policy 2.4, the Company will not carry on any business other than the identification and evaluation of assets or businesses in this connection. The Company does not have business operations or assets other than cash, and has no written or oral agreements for the acquisition of an asset or business at this time. On July 9, 2021, the Company announced its QT (Note 9).

These condensed interim financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is recently incorporated, has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing, to complete an initial public offering as described below, and to ultimately complete a QT. In addition, the Exchange may suspend from trading or de-list the common shares of the Company where it has failed to complete a QT within 24 months of its date of listing.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) using accounting policies consistent with IFRS issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments that have been measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

The preparation of these condensed consolidated interim financial statements in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements.

These condensed consolidated interim financial statements, including comparatives, have been prepared on the basis of IFRS standards that are published at the time of preparation.

GERMINATE CAPITAL LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MAY 31, 2021

(Presented in Canadian Dollars; Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the IASB on a basis consistent with those followed in the Company's most recent audited financial statements for the period ended November 30, 2020.

These unaudited condensed consolidated interim financial statements do not include all note disclosures required by IFRS for annual financial statements, and therefore should be read in conjunction with the audited financial statements for the period ended November 30, 2020. In the opinion of management, all adjustments considered necessary for fair presentation of the Company's financial position, results of operations and cash flows have been included. Operating results for the six month period ended May 31, 2021 are not necessarily indicative of the results that may be expected for the current fiscal year ending November 30, 2021.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at May 31, 2021, the Company had a cash balance of \$289,052 to settle current liabilities of \$49,730.

5. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is subject to the TSX Venture Exchange policy in terms of limitations on general and administrative charges as well as permitted use of proceeds for a capital pool company.

GERMINATE CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MAY 31, 2021
(Presented in Canadian Dollars; Unaudited)

6. SHARE CAPITAL

(a) Authorized:

At May 31, 2021, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

On November 4, 2020, the Company closed a seed round of financing of 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000. The Company incurred \$30,000 share issue costs related to this financing.

These 1,000,000 common shares are to be placed in escrow upon the successful application of the Company as a Capital Pool Company. The release of these shares from escrow is on a time basis, as to 10% upon the completion of a QT and an additional 15% every six months thereafter over a period of three years.

On March 23, 2021, the Company closed a financing of 300,000 common shares at a price of \$0.05 per share for gross proceeds of \$15,000.

On April 20, 2021, the Company completed its initial public listing (Note 7).

(c) Stock options:

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company.

The continuity of options is as follows:

Expiry date	Exercise price	November 30, 2020	Issued	Exercised	Expired	May 31, 2021
April 20, 2031	\$ 0.10	-	450,000	-	-	450,000
Outstanding		-	450,000	-	-	450,000
Weighted average exercise price	\$	-	\$ 0.10	\$ -	\$ -	\$ 0.10

At May 31, 2021, the weighted average remaining life of the outstanding and exercisable options is 9.89 years (November 30, 2020 – Nil).

The fair value of options granted and expensed during the six months ended May 31, 2021 was \$15,146 (from incorporation on August 14, 2020 to November 30, 2020 - \$Nil).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of options were:

	2021	2020
Expected dividend yield	Nil	Nil
Expected stock price volatility	21.93%	Nil
Risk-free interest rate	1.74%	Nil
Forfeiture rate	Nil	Nil
Expected options life in years	10 years	Nil

GERMINATE CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MAY 31, 2021
(Presented in Canadian Dollars; Unaudited)

6. SHARE CAPITAL, (cont'd)

(d) Finders' Warrants:

Expiry date	Exercise price	November 30, 2020	Issued	Exercised	Expired	May 31, 2021
April 20, 2026	\$ 0.10	-	250,000	-	-	250,000
Outstanding		-	250,000	-	-	250,000
Weighted average exercise price	\$	-	\$ 0.10	\$	-	\$ 0.10

At May 31, 2021, the weighted average remaining life of the outstanding warrants is 4.89 years (November 30, 2020 - Nil).

The assumptions used in the Black Scholes Option Pricing Model to estimate the fair value of warrants were:

	2021	2021
Expected dividend yield	Nil	Nil
Expected stock price volatility	31.01%	Nil
Risk-free interest rate	1.28%	Nil
Forfeiture rate	Nil	Nil
Expected life of warrants	5 years	Nil

7. INITIAL PUBLIC OFFERING

On April 20, 2021, the Company announced that it had completed its initial public offering (the "Offering"). The Company issued an aggregate of 2,500,000 common shares in the capital of the Company (each, a "Common Share") to purchasers in British Columbia and Alberta at a purchase price of \$0.10 per Common Share for gross proceeds to the Company of \$250,000. Following the closing of the Offering, a total of 4,800,000 Common Shares are issued and outstanding, of which 2,300,000 are currently held in escrow pursuant to the policies of the Exchange.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares, will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a "Qualifying Transaction" under the Exchange's capital pool company program.

Echelon Wealth Partners Inc. (the "Agent") acted as agent for the Offering. In connection with the Offering, the Company granted to the Agent non-transferable warrants to acquire up to an aggregate of 250,000 Common Shares (the "Agent's Warrants"). Each Agent's Option is exercisable to acquire one Common Share at a price of \$0.10 per Common Share until April 20, 2026. In connection with the Offering, the Agent also received a cash commission of \$25,000, along with a corporate finance fee of \$15,000, and was reimbursed for their legal fees and reasonable expenses totaling \$16,846.

The Company is a capital pool company within the meaning of the policies of the Exchange. The Company has not commenced operations and has no assets other than cash. The Company will use the net proceeds of the Offering to identify and evaluate assets or businesses for acquisition with a view to completing a QT pursuant to the policies of the Exchange.

The Common Shares were listed on the Exchange on April 20, 2021 and immediately halted pending closing of the Offering. The Common Shares resumed trading on the Exchange on April 22, 2021 under the trading symbol "GCAP.P".

GERMINATE CAPITAL LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED MAY 31, 2021
(Presented in Canadian Dollars; Unaudited)

8. RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances relating to key management personnel and entities over which they have control or significant influence were as follows:

For the six months ended May 31, 2021:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Mark T. Brown Chief Executive Officer, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 3,787	\$ 3,787
Winnie Wong Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$ 3,787	\$ 3,787
Sarah Weber, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 3,787	\$ 3,787
Alex Heath Director	\$Nil	\$Nil	\$Nil	\$Nil	\$ 3,787	\$ 3,787

Period from Incorporation on August 14, 2020 to November 30, 2020:

	Short-term employee benefits	Post-employment benefits	Other long-term benefits	Termination benefits	Share-based payments	Total
Mark T. Brown Chief Executive Officer, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Winnie Wong Chief Financial Officer	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Sarah Weber, Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil
Alex Heath Director	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil	\$Nil

Related party transactions and balances:

Amounts due to:	Service	Six months ended May 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020	Balance due	
				As at May 31, 2021	As at November 30, 2020
Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown, a director	Accounting, management, and rent services	\$ 10,415	\$ 500	\$ 9,492	\$ 525
TOTAL:		\$ 10,415	\$ 500	\$ 9,492	\$ 525

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

GERMINATE CAPITAL LTD.**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED MAY 31, 2021

(Presented in Canadian Dollars; Unaudited)

9. EVENT AFTER THE REPORTING PERIOD

On July 6, 2021, the Company announced that it had entered into a letter of intent with Beacon Hill Innovations Ltd. ("BEACN") to acquire all of the issued and outstanding shares of BEACN. BEACN is a streaming and gaming technology products company based in Victoria, British Columbia and is incorporated under the laws of British Columbia. This transaction, along with the associated financing outlined below and all other related transactions will constitute the QT for Germinate under the Exchange Capital Pool Company rules. The QT will be an arm's-length transaction pursuant to which the shareholders of BEACN will become the largest shareholders of Germinate upon completion of the QT. Shareholder approval by shareholders of Germinate will not be required.

Germinate will be renamed as Beacon Hill Innovations Ltd. (or similar name) (the "Resulting Issuer") upon completion of the QT and a new trading symbol will be assigned. A definitive agreement outlining the detailed deal terms will be completed as a condition of closing of the QT.

The terms of the QT are as follows:

- Germinate will issue 32,151,003 common shares to the shareholders of BEACN in exchange for 100% of the common shares of BEACN for an aggregate deemed price of approximately \$6.75 million. It is anticipated that many of the common shares issued to the shareholders of BEACN will be subject to escrow requirements under the Exchange escrow rules. Currently, 26.3% of BEACN's shares are owned by one controlling shareholder, Mr. Jim Elliott and a company controlled by him.
- Germinate will also raise \$2 million in conjunction with the QT by way of an Arm's Length private placement of units (the "Units") at \$0.30 per Unit. Each Unit will be comprised of one common share and one-half of a non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one common share of Germinate at \$0.60 for a 24-month period. All of the securities issued in the private placement will be subject to a four-month hold period from the date of closing.

EXHIBIT "B"
FINANCIAL STATEMENTS OF GERMINATE FOR THE YEAR ENDED NOVEMBER 30, 2020

GERMINATE CAPITAL LTD.

FINANCIAL STATEMENTS

For the period from incorporation on August 14, 2020 to November 30, 2020

GERMINATE CAPITAL LTD.

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Independent Auditor's Report

To the Directors of Germinate Capital Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Germinate Capital Ltd. (the "Company"), which comprise the statement of financial position as at November 30, 2020 and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on August 14, 2020 to November 30, 2020 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects the financial position of the Company as at November 30, 2020, and its financial performance and its cash flows for the period from incorporation on August 14, 2020 to November 30, 2020 in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

The image shows a handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, BC, Canada
April 8, 2021

GERMINATE CAPITAL LTD.
STATEMENT OF FINANCIAL POSITION
(Presented in Canadian Dollars)

	Note	November 30, 2020
Assets		
Current		
Cash and cash equivalents	\$	69,245
Receivables		775
Prepaid expense		15,000
		<u>85,020</u>
	\$	<u>85,020</u>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$	3,015
		<u>3,015</u>
Shareholders' equity		
Share capital	6(b)	100,000
Deficit		(17,995)
		<u>82,005</u>
	\$	<u>85,020</u>
		-

These financial statements are approved by the Board on April 8, 2021

Approved by the Board of Directors:

"Sarah Weber"

Sarah Weber

"Mark T. Brown"

Mark T. Brown

See the notes to the financial statements

GERMINATE CAPITAL LTD.
STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian Dollars)

	Note	For the Period from Incorporation on August 14, 2020 to November 30, 2020
General and administrative		
Legal fees		\$ 2,490
Professional fees		15,000
Rent		500
Bank charges		5
Loss from operations		17,995
Net loss and comprehensive loss for the period		\$ 17,995
Basic and diluted loss per share		\$ 0.04
Weighted average number of common shares outstanding		500,000

See the notes to the financial statements

GERMINATE CAPITAL LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian Dollars)

	Share Capital				Total Shareholders' Equity
	Note	Number of shares	Amount	Deficit	
Balance, August 14, 2020		-	\$ -	\$ -	-
Seed shares	6(b)	2,000,000	100,000	-	100,000
Loss for the period		-	-	(17,995)	(17,995)
Balance, November 30, 2020		2,000,000	\$ 100,000	\$ (17,995)	\$ 82,005

See the notes to the financial statements

GERMINATE CAPITAL LTD.
STATEMENT OF CASH FLOWS
(Presented in Canadian Dollars)

	Note	For the Period from Incorporation on August 14, 2020 to November 30, 2020
Cash provided by (used in):		
Operating activities		
Loss for the period		\$ (17,995)
Changes in non-cash working capital items:		
Receivables		(775)
Prepaid expense		(15,000)
Accounts payable and accrued liabilities		3,015
Net cash (used in) operating activities		(30,755)
Financing activities		
Proceeds from issuance of common shares	6	100,000
Net cash provided by financing activities		100,000
Change in cash and cash equivalents		69,245
Cash and cash equivalents, beginning of the period		-
Cash and cash equivalents, end of the period		\$ 69,245

See the notes to the financial statements

GERMINATE CAPITAL LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Germinate Capital Ltd. (the “Company” or “Germinate”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Since incorporation, the Company’s sole activity has been the preparation of a prospectus to become listed on the TSX Venture Exchange (the “Exchange”) as a “Capital Pool Company” as defined in the Exchange’s Listing Policy 2.4.

As a Capital Pool Company, the principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of such a Qualifying Transaction (“QT”), as defined under Exchange Listing Policy 2.4, the Company will not carry on any business other than the identification and evaluation of assets or businesses in this connection. The Company does not have business operations or assets other than cash, and has no written or oral agreements for the acquisition of an asset or business at this time.

These financial statements (the “Financial Statements”) have been prepared on the basis of the accounting principles applicable to a going concern, which assumes the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is recently incorporated, has no source of operating revenues and its capacity to operate as a going concern in the near-term will likely depend on its ability to continue raising equity financing, to complete an initial public offering as described below, and to ultimately complete a QT. In addition, the Exchange may suspend from trading or de-list the common shares of the Company where it has failed to complete a QT within 24 months of its date of listing.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

The preparation of the Financial Statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, profit and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

GERMINATE CAPITAL LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Measurement uncertainty

The preparation of these Financial Statements, in conformity with IFRS, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period.

The Company bases its estimates and assumptions on current facts, historical experience, and various other factors that it believes to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities and the accrual of costs and expenses that are not readily apparent from other sources. These estimates require extensive judgment about the nature, cost and timing of the work to be completed, and may change with future changes to costs, environmental laws and regulations and remediation practices. The actual results experienced by the Company may differ materially and adversely from the Company's estimates. To the extent there are material differences between the estimates and the actual results, future results of operations will be affected.

(b) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

(c) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants, if any, would be anti-dilutive for the period presented and accordingly, basic and diluted losses per share are the same.

(d) Stock based compensation plan

The Company has a stock option plan as described in note 6(c) and will account for all stock-based compensation arrangements entered into on or after August 14, 2020 using the fair value method, under which compensation expense is recorded based on the estimated fair value of the options as determined at the date of grant.

GERMINATE CAPITAL LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that the functional currency of the Company is Canadian dollar.

(f) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

GERMINATE CAPITAL LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at November 30, 2020, the Company had a cash balance of \$69,245 to settle current liabilities of \$3,015.

5. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is subject to the TSX Venture Exchange policy in terms of limitations on general and administrative charges as well as permitted use of proceeds for a capital pool company.

6. SHARE CAPITAL

(a) Authorized:

At November 30, 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

On November 4, 2020, the Company closed a seed round of financing of 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000.

These 1,000,000 common shares are to be placed in escrow upon the successful application of the Company as a Capital Pool Company. The release of these shares from escrow is on a time basis, as to 10% upon the completion of a QT and an additional 15% every six months thereafter over a period of three years.

GERMINATE CAPITAL LTD.**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

6. SHARE CAPITAL *(Continued)*

(c) Stock options:

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. Subject to regulatory approval, the Company agreed to grant options to acquire up to a total of 250,000 common shares to the directors and officers of the Company contemporaneous with closing of its initial public offering, which options are exercisable at \$0.10 per share. These options are non-transferable and will expire on the fifth anniversary of their date of issue if unexercised.

7. INCOME TAXES

The following provides a reconciliation of loss before income taxes to total income taxes recognized in the Statement of Net Loss and Comprehensive Loss:

	Period from incorporation on August 19, 2020 to November 30, 2020 \$
Loss before income taxes	(17,995)
Statutory rate	27.00%
Expected income tax recovery	(4,859)
Unrecognized benefit of non-capital losses	4,859
Total income taxes	-

As at November 30, 2020, the nature of the Company's temporary differences was as follows:

	November 30, 2020 \$
Tax loss carry forwards	5,000
Valuation allowance	(5,000)
Total deductible temporary differences not recognized	-

The potential future tax benefit has been offset entirely by a valuation allowance and has not been recognized in these financial statements. The non-capital loss carry-forward of approximately \$5,000 expires in 2040.

8. SUBSEQUENT EVENT

On March 23, 2021, the Company closed a financing of 300,000 common shares at a price of \$0.05 per share for gross proceeds of \$15,000.

GERMINATE CAPITAL LTD.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

(Presented in Canadian Dollars)

9. INITIAL PUBLIC OFFERING

On October 28, 2020, the Company signed an agreement with Echelon Wealth Partners Inc. (the “Agent”) to act as agent for its initial public offering. The Company intends to file a prospectus with the British Columbia and Alberta Securities Commissions in order to offer to the public in British Columbia and Alberta up to 2,500,000 common shares at a price of \$0.10 per share for gross proceeds of up to \$250,000 (the “Offering”).

The Company shall pay the Agent a Commission (as defined below) and issue the Broker Warrants (as defined below) upon closing of the Offering (the “Closing”, and such date the “Closing Date”). The Company shall also pay to the Agent: (i) a non-refundable corporate finance fee of \$15,000 plus applicable taxes (the “Corporate Finance Fee”); and (ii) a non-refundable deposit of \$15,000 against the Agent’s legal fees, each due within fifteen (15) business days from the date on which the Offering closes, which is non-refundable. In addition, the Company shall reimburse the Agent for all reasonable out-of-pocket expenses and disbursements of the Agents (including fees and disbursements of the Agent’s legal counsel provided that in no event shall such legal fees, excluding taxes and disbursements, exceed \$15,000) provided that, other than legal fees, such fees and disbursements shall not in the aggregate exceed \$5,000 without the prior written consent of the Company.

The Company shall pay to the Agent, on Closing, a cash commission of 10% of the gross proceeds raised in respect of the Offering. In addition, on Closing, the Company shall issue warrants (the “Broker Warrants”) to the Agent, exercisable for a period of 24 months from the Closing Date, to acquire in aggregate that number of common shares on the same terms as the Offering, which is equal to 10% of the number of common shares sold under the Offering.

Subsequently, the Company filed its final prospectus with the British Columbia and Alberta Securities Commissions on February 16, 2021, in order to offer to the public in British Columbia and Alberta a minimum of 2,500,000 common shares at a price of \$0.10 per share for total gross proceeds of \$250,000.

EXHIBIT "C"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF GERMINATE FOR THE SIX MONTH PERIOD ENDED
MAY 31, 2021

GERMINATE CAPITAL LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS – QUARTERLY HIGHLIGHTS FOR THE SIX MONTHS ENDED MAY 31, 2021

OVERVIEW AND INTRODUCTORY COMMENT

Germinate Capital Ltd. (the “Company” or “Germinate”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

Since incorporation, the Company's sole activity has been the preparation of a prospectus to become listed on the TSX Venture Exchange (the “Exchange”) as a “Capital Pool Company” as defined in the Exchange's Listing Policy 2.4.

As a Capital Pool Company, the principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of such a Qualifying Transaction (“QT”), as defined under Exchange Listing Policy 2.4, the Company will not carry on any business other than the identification and evaluation of assets or businesses in this connection. The Company does not have business operations or assets other than cash, and has no written or oral agreements for the acquisition of an asset or business at this time.

This MD&A is dated July 16, 2021 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the unaudited condensed interim financial statements and the related notes for the six months ended May 31, 2021 and the Company's audited financial statements for the period ended November 30, 2020 and the related notes thereto.

Additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com.

MAJOR INTERIM PERIOD OPERATING MILESTONES

Initial Public Offering

On April 20, 2021, the Company announced that it had completed its initial public offering (the “Offering”). The Company issued an aggregate of 2,500,000 common shares in the capital of the Company (each, a “Common Share”) to purchasers in British Columbia and Alberta at a purchase price of \$0.10 per Common Share for gross proceeds to the Company of \$250,000. Following the closing of the Offering, a total of 4,800,000 Common Shares are issued and outstanding, of which 2,300,000 are currently held in escrow pursuant to the policies of the Exchange.

The net proceeds of the Offering, together with the proceeds from prior sales of Common Shares, will be used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a “Qualifying Transaction” under the Exchange's capital pool company program.

Echelon Wealth Partners Inc. (the “Agent”) acted as agent for the Offering. In connection with the Offering, the Company granted to the Agent non-transferable options to acquire up to an aggregate of 250,000 Common Shares (the “Agent's Options”). Each Agent's Option is exercisable to acquire one Common Share at a price of \$0.10 per Common Share until April 20, 2026. In connection with the Offering, the Agent also received a cash commission of \$25,000, along with a corporate finance fee of \$15,000, and was reimbursed for their legal fees and reasonable expenses totaling \$16,846.

The Company is a capital pool company within the meaning of the policies of the Exchange. The Company has not commenced operations and has no assets other than cash. The Company will use the

net proceeds of the Offering to identify and evaluate assets or businesses for acquisition with a view to completing a QT pursuant to the policies of the Exchange, and for administration costs.

The Common Shares were listed on the Exchange on April 20, 2021 and immediately halted pending closing of the Offering. The Common Shares resumed trading on the Exchange on April 22, 2021 under the trading symbol "GCAP.P".

Acquisition of Beacon Hill Innovations Ltd.

On July 6, 2021, the Company announced that it had entered into a letter of intent with Beacon Hill Innovations Ltd. ("BEACN") to acquire all of the issued and outstanding shares of BEACN. BEACN is a streaming and gaming technology products company based in Victoria, British Columbia and is incorporated under the laws of British Columbia. This transaction, along with the associated financing outlined below and all other related transactions will constitute the QT for Germinate under the Exchange Capital Pool Company rules. The QT will be an arm's-length transaction pursuant to which the shareholders of BEACN will become the largest shareholders of Germinate upon completion of the QT. Shareholder approval by shareholders of Germinate will not be required.

Germinate will be renamed as Beacon Hill Innovations Ltd. (or similar name) (the "Resulting Issuer") upon completion of the QT and a new trading symbol will be assigned. A definitive purchase agreement outlining the detailed deal terms will be completed as a condition of closing of the QT.

The terms of the QT are as follows:

- Germinate will issue 32,151,003 common shares to the shareholders of BEACN in exchange for 100% of the common shares of BEACN for an aggregate deemed price of approximately \$6.75 million. It is anticipated that many of the common shares issued to the shareholders of BEACN will be subject to escrow requirements under the Exchange escrow rules. Currently, 26.3% of BEACN's shares are owned by one controlling shareholder, Mr. Jim Elliott and a company controlled by him.
- Germinate will also raise \$2 million in conjunction with the QT by way of an Arm's Length private placement of units (the "Units") at \$0.30 per Unit. Each Unit will be comprised of one common share and one-half of a non-transferable common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant will entitle the holder to acquire one common share of Germinate at \$0.60 for a 24-month period. All of the securities issued in the private placement will be subject to a four-month hold period from the date of closing.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

On March 23, 2021, the Company closed a financing of 300,000 common shares at a price of \$0.05 per share for gross proceeds of \$15,000.

On April 20, 2021, the Company completed its Offering (see "*Initial Public Offering*" section above) and upon completion of the Offering, the Company granted 450,000 stock options with an exercise price of \$0.10 expiring on April 20, 2031 to its directors and officers.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances and the potential exercise of finders' warrants and options to be issued and granted upon the closing of the initial public offering will allow its efforts to continue throughout 2021. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at May 31, 2021, the Company had working capital of \$242,933 (November 30, 2020 – \$82,005). As at May 31, 2021, cash totaled \$289,052, an increase of \$219,807 from \$69,245 as at November 30, 2020. The increase was due to net proceeds received from share issuances of \$220,644 while being offset by operating expenses of \$837.

Operations

For the six months ended May 31, 2021 compared with the period from incorporation on August 14, 2020 to November 30, 2020:

The Company incurred losses of \$43,062 (\$0.02 loss per share) and \$17,995 (\$0.04 loss per share) respectively during the six months ending May 31, 2021 and for the period from incorporation on August 14, 2020 to November 30, 2020.

Excluding the non-cash share-based compensation of \$15,146 (2020 – \$Nil), the Company's general and administrative expenses amounted to \$27,916 (2020 - \$17,995), an increase of \$9,921. The change in the expenses was mainly due to increases in: (a) accounting fees (2021 - \$16,415; 2020 - \$Nil); (b) legal fees (2021 - \$5,873; 2020 - \$2,490) and (c) listing fees (2021 - \$5,588; 2020 - \$Nil) as the Company prepared to go public. These increases were offset by decreases in: (a) professional fees (2021 - \$Nil; 2020 - \$15,000) and (b) rent (2021 - \$Nil; 2020 - \$500).

For the three months ended May 31, 2021 compared with the period from incorporation on August 14, 2020 to November 30, 2020:

The Company incurred losses of \$25,634 (\$0.01 loss per share) and \$17,995 (\$0.04 loss per share) respectively during the three months ending May 31, 2021 and for the period from incorporation on August 14, 2020 to November 30, 2020.

Excluding the non-cash share-based compensation of \$15,146 (2020 – \$Nil), the Company's general and administrative expenses amounted to \$10,488 (2020 - \$17,995), a slight decrease of \$7,507. The change in the expenses was mainly due to decreases in: (a) professional fees (2021 - \$Nil; 2020 - \$15,000), (b) legal fee (2021 - \$873; 2020 - \$2,490) and (c) rent (2021 - \$Nil; 2020 - \$500) as the Company incurred some upfront costs for going public in earlier periods.

SIGNIFICANT RELATED PARTY TRANSACTIONS

Amounts due to:	Service	Six months ended May 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020	Balance due	
				As at May 31, 2021	As at November 30, 2020
Pacific Opportunity Capital Ltd., a company controlled by Mark T. Brown, a director	Accounting, management, and rent services	\$ 10,415	\$ 500	\$ 9,492	\$ 525
TOTAL:		\$ 10,415	\$ 500	\$ 9,492	\$ 525

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

COMMITMENTS, EXPECTED OR UNEXPECTED, OR UNCERTAINTIES

As of the date of the MD&A, the Company does not have any commitments, expected or unexpected, or uncertainties.

RISK FACTORS

In our prospectus filed on SEDAR on February 16, 2021 in connection with our initial public offering, we have set out our discussion of the risk factors which we believe are the most significant risks faced by Germinate. An adverse development in any one risk factor or any combination of risk factors could result in material adverse outcomes to the Company's undertakings and to the interests of stakeholders in the Company including its investors. Readers are cautioned to take into account the risk factors to which the Company and its operations are exposed. To the date of this document, there have been no significant changes to the risk factors set out in our Annual MD&A.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. The following is a summary of the Company's outstanding share data as at May 31, 2021:

	Issued and outstanding	
	May 31, 2021	July 16, 2021
Common shares outstanding	4,800,000	4,800,000
Stock options	450,000	450,000
Finder's Warrants	250,000	250,000
Fully diluted common shares outstanding	5,500,000	5,500,000

Cautionary Statements

This document contains "forward-looking statements" within the meaning of applicable Canadian securities regulations. All statements other than statements of historical fact herein, including, without limitation, statements regarding exploration results and plans, and our other future plans and objectives, are forward-looking statements that involve various risks and uncertainties. Such forward-looking statements include, without limitation, our estimates of exploration investment, the scope of our exploration programs, and our expectations of ongoing administrative costs. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from our expectations are disclosed in the Company's documents filed from time to time via SEDAR with the Canadian regulatory agencies to whose policies we are bound. Forward-looking statements are based on the estimates and opinions of management on the date the statements are made, and we do not undertake any obligation to update forward-looking statements should conditions or our estimates or opinions change, except as required by law. Forward-looking statements are subject to risks, uncertainties and other factors, including risks associated with mineral exploration, price volatility in the mineral commodities we seek, and operational and political risks. Readers are cautioned not to place undue reliance on forward-looking statements.

EXHIBIT "D"
MANAGEMENT'S DISCUSSION AND ANALYSIS OF GERMINATE FOR THE YEAR ENDED NOVEMBER 30,
2020

GERMINATE CAPITAL LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD FROM INCORPORATION ON AUGUST 14, 2020 TO NOVEMBER 30, 2020

INTRODUCTION

Germinate Capital Ltd. (the "Company" or "Germinate") is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia). Its sole activity has been the preparation of a prospectus to become listed on the TSX Venture Exchange (the "Exchange") as a "Capital Pool Company" as defined in the Exchange's Listing Policy 2.4.

As a Capital Pool Company, the principal business of the Company is to identify and evaluate opportunities for the acquisition of an interest in assets or businesses and, once identified and evaluated, to negotiate an acquisition or participation subject to receipt of shareholder approval and acceptance for filing by the Exchange. Until the completion of such a Qualifying Transaction ("QT"), as defined under Exchange Listing Policy 2.4, the Company will not carry on any business other than the identification and evaluation of assets or businesses in this connection. The Company does not have business operations or assets other than cash, and has no written or oral agreements for the acquisition of an asset or business at this time.

This MD&A is dated April 8, 2021 and discloses specified information up to that date. Unless otherwise noted, all currency amounts are expressed in Canadian dollars. The following information should be read in conjunction with the audited financial statements and the related notes for the period from incorporation on August 14, 2020 to November 30, 2020.

Additional information relevant to the Company and the Company's activities can be found on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein.

Forward looking statements that have been made in this MD&A include:

- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects to complete its initial public offering and financing its QT;
- Expectations regarding the ability to raise future capital; and
- Management expectations of future activities and results.

1. Background

Germinate is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is 10th Floor, 595 Howe Street, Vancouver, BC, V6C 2T5.

2. Overview and Outlook

Since incorporation, the Company's sole activity has been the preparation of a prospectus to become listed on the Exchange as a "Capital Pool Company" as defined in the Exchange's Listing Policy 2.4.

On October 28, 2020, the Company signed an agreement with Echelon Wealth Partners Inc. (the "Agent") to act as agent for its initial public offering. The Company intends to file a prospectus with the British Columbia and Alberta Securities Commissions in order to offer to the public in British Columbia and Alberta up to 2,500,000 common shares at a price of \$0.10 per share for gross proceeds of up to \$250,000 (the "Offering").

The Company shall pay the Agent a Commission (as defined below) and issue the Broker Warrants (as defined below) upon closing of the Offering (the "Closing", and such date the "Closing Date"). The Company shall also pay to the Agent: (i) a non-refundable corporate finance fee of \$15,000 plus applicable taxes (the "Corporate Finance Fee"); and (ii) a non-refundable deposit of \$15,000 against the Agent's legal fees, each due within fifteen (15) business days from the date on which the Offering closes, which is non-refundable. In addition, the Company shall reimburse the Agent for all reasonable out-of-pocket expenses and disbursements of the Agents (including fees and disbursements of the Agent's legal counsel provided that in no event shall such legal fees, excluding taxes and disbursements, exceed \$15,000) provided that, other than legal fees, such fees and disbursements shall not in the aggregate exceed \$5,000 without the prior written consent of the Company.

The Company shall pay to the Agent, on Closing, a cash commission of 10% of the gross proceeds raised in respect of the Offering. In addition, on Closing, the Company shall issue warrants (the "Broker Warrants") to the Agent, exercisable for a period of 24 months from the Closing Date, to acquire in aggregate that number of common shares on the same terms as the Offering, which is equal to 10% of the number of common shares sold under the Offering.

The Company filed its final prospectus with the British Columbia and Alberta Securities Commissions on February 16, 2021, in order to offer to the public in British Columbia and Alberta a minimum of 2,500,000 common shares at a price of \$0.10 per share for total gross proceeds of \$250,000.

3. Material Financial and Operations Information

3(a) Selected Financial Information

	Period from incorporation on August 14, 2020 to November 30, 2020
Total revenues	\$ -
Loss from continuing operations	17,995
Loss and comprehensive loss for the period	17,995
Loss per share (basic and diluted)	0.04
Total assets	85,020
Total long-term financial liabilities	Nil
Cash dividends declared – per share	N/A

3(b) Review of Operations and Financial Results

For the period from incorporation on August 14, 2020 to November 30, 2020

During the period ended November 30, 2020, the Company reported a comprehensive loss of \$17,995 (\$0.04 loss per share). The current period's loss is due to getting the Company publicly listed. Major expenses include professional fees of \$15,000, legal fees of \$2,490, and rent of \$500.

3(c) Capital Resources

On November 4, 2020, the Company closed a seed round of financing of 2,000,000 common shares at a price of \$0.05 per share for gross proceeds of \$100,000.

On March 23, 2021, the Company closed a financing of 300,000 common shares at a price of \$0.05 per share for gross proceeds of \$15,000.

These common shares are to be placed in escrow upon the successful application of the Company as a Capital Pool Company. The release of these shares from escrow is on a time basis, as to 10% completion of a QT and an additional 15% every six months thereafter over a period of three years.

The Company has established a stock option plan for its directors, officers, and technical consultants under which the Company may grant options to acquire a maximum number of common shares equal to 10% of the total issued and outstanding common shares of the Company. Subject to regulatory approval, the Company agreed to grant options to acquire up to a total of 250,000 common shares to the directors and officers of the Company contemporaneous with closing of its initial public offering, which options are exercisable at \$0.10 per share. These options are non-transferable and will expire on the fifth anniversary of their date of issue if unexercised.

3(d) Liquidity

As at November 30, 2020, the Company's working capital was \$82,005. Cash totaled \$69,245 as at November 30, 2020. The cash was provided by net proceeds from the financing activities of \$100,000 while being offset by operating activities of \$30,755.

3(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at November 30, 2020, the Company's share capital was \$100,000 representing 2,000,000 common shares.

As of the date of this MD&A, there were 2,000,000 common shares issued and outstanding.

3(f) Off-Balance Sheet Arrangements

None.

3(g) Transactions with Related Parties

None

3(h) Financial Instruments

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at November 30, 2020, the Company had a cash balance of \$69,245 to settle current liabilities of \$3,015.

4. Risks and Uncertainties

For a full list of the risk factors associated with the Company, please refer to the Final Prospectus filed on www.sedar.com. The following are some major risk factors associated with the Company:

- the Company has a limited operating history, has not commenced commercial operations and has no assets other than cash. It has no history of earnings, and will not generate earnings or pay dividends until at least after completion of the QT;
- investment in the common shares offered by this prospectus is highly speculative given the proposed nature of the Company's business and its present stage of development;
- until completion of a QT, the Company is not permitted to carry on any business other than the identification and evaluation of potential QT;
- the Company has only limited funds with which to identify and evaluate potential QT and there can be no assurance that the Company will be able to identify a suitable QT;
- even if a proposed QT is identified, there can be no assurance that the Company will be able to successfully complete the transaction; and
- upon public announcement of a proposed QT, trading in the common shares will be halted and will remain halted for an indefinite period of time, typically until a sponsor (if required) has been retained and certain preliminary reviews have been conducted. The common shares may be reinstated to trading before the Exchange has reviewed the transaction and before the sponsor has completed its full review. Reinstatement to trading provides no assurance with respect to the merits of the transaction or the likelihood of the Company completing the proposed QT.

5. Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts

of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that the functional currency of the Company is Canadian dollar.
-

6. Subsequent Events

None other disclosed in the MD&A.

6. Information on the Board of Directors and Management

Directors:

Mark T. Brown

Alex Heath

Sarah Weber

Management:

Mark T. Brown – Chief Executive Officer

Winnie Wong – Chief Technology Officer and Corporate Secretary

EXHIBIT "E"
**AUDITED FINANCIAL STATEMENTS OF TARGET FOR THE PERIOD FROM INCORPORATION ON
FEBRUARY 7, 2020 TO DECEMBER 31, 2020 AND UNAUDITED FINANCIAL STATEMENTS FOR
THE SIX MONTH PERIOD ENDED JUNE 30, 2021**

BEACON HILL INNOVATIONS LTD.

FINANCIAL STATEMENTS

For the period from incorporation on February 7, 2020 to December 31, 2020

BEACON HILL INNOVATIONS LTD.

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Beacon Hill Innovations Ltd.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Beacon Hill Innovations Ltd. (the "Company"), which comprise the statement of financial position as at December 31, 2020 and the statements of net loss and comprehensive loss, changes in shareholders' equity and cash flows for the period from incorporation on February 7, 2020 to December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company has not generated any revenues from operations. As stated in Note 1, the Company's ability to continue as a going concern is dependent upon its ability to obtain necessary equity or other financing to continue operations, and/or to attain sufficient profitable operations. These matters, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure, and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is G. Cameron Dong.

A handwritten signature in black ink that reads "De Visser Gray LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, BC, Canada
July 23, 2021

BEACON HILL INNOVATIONS LTD.
STATEMENT OF FINANCIAL POSITION
(Presented in Canadian dollars)

	Note	December 31, 2020
Assets		
Current		
Cash and cash equivalents		\$ 335,780
Inventory		14,410
Receivables		8,950
Prepaid expense	5	6,150
		<u>365,290</u>
Non-current		
Property and equipment, net	6	96,614
		<u>96,614</u>
		<u>\$ 461,904</u>
Liabilities		
Current		
Accounts payable and accrued liabilities		\$ 28,590
		<u>28,590</u>
Non-current		
Promissory note	7	275,000
		<u>275,000</u>
Shareholders' equity		
Share capital	8	937,510
Deficit		(779,196)
		<u>158,314</u>
		<u>\$ 461,904</u>

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

These financial statements are approved by the Board on July 23, 2021

Approved by the Board of Directors:

"Daniel Davies"

Daniel Davies

"Craig Fraser"

Craig Fraser

See the notes to the financial statements

BEACON HILL INNOVATIONS LTD.
STATEMENT OF NET LOSS AND COMPREHENSIVE LOSS
(Presented in Canadian dollars)

	For the Period from February 7 to December 31, 2020	
Expenses		
Advertising	\$	4,264
Amortization		8,734
Consulting and marketing fees		92,252
Meals and entertainment		445
Office and miscellaneous		19,485
Professional fees		32,056
Prototype costs		29,923
Rent		25,037
Salaries and benefits	9	554,006
Supplies and other		12,235
Travel		759
Loss from operations		779,196
Net loss and comprehensive loss for the period	\$	779,196
Basic and diluted loss per share	\$	0.06
Weighted average number of common shares outstanding		12,937,405

See the notes to the financial statements

BEACON HILL INNOVATIONS LTD.
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian dollars)

		Share Capital		Total Shareholders' Equity	
Note	Number of shares	Amount	Deficit		
	-	\$ -	\$ -	\$ -	\$ -
	21,751,000	937,510	-	937,510	937,510
	-	-	(779,196)	(779,196)	(779,196)
	21,751,000	\$ 937,510	\$ (779,196)	\$ 158,314	\$ 158,314

See the notes to the financial statements

BEACON HILL INNOVATIONS LTD.
STATEMENT OF CASH FLOWS
(Presented in Canadian dollars)

	Note	For the Period from February 7, 2020 to December 31, 2020
Cash provided by (used in):		
Operating activities		
Loss for the period		\$ (779,196)
Item not affecting cash:		
Amortization		8,734
Changes in non-cash working capital items:		
Inventory		(14,410)
Receivables		(8,950)
Prepaid expense		(6,150)
Accounts payable and accrued liabilities		28,590
Net cash (used in) operating activities		(771,382)
Investing activities		
Property and equipment		(105,348)
Net cash (used in) investing activities		(105,348)
Financing activities		
Proceeds from issuance of common shares	8	937,510
Promissory note	7	275,000
Net cash provided by financing activities		1,212,510
Change in cash and cash equivalents		335,780
Cash and cash equivalents, beginning of the period		-
Cash and cash equivalents, end of the period		\$ 335,780

See the notes to the financial statements

BEACON HILL INNOVATIONS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 7 TO DECEMBER 31, 2020
(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Beacon Hill Innovations Ltd. (the “Company” or “Beacon” or “Beacn”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 410 - 325 Howe Street, Vancouver, BC, V6C 1Z7.

Beacon was founded in February 2020 to be a supplier of tech peripherals for Gamers, YouTubers, Podcasters and anyone creating content on the internet.

The Company is in the start-up phase and is focused on research and development.

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of \$779,196 for the period from February 7 to December 31, 2020. To date, the Company has not earned any revenue from operations. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to continue operations, and/or to attain sufficient profitable operations.

There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption. The current market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to continue research and development, purchase inventory, establish profitable sales and raise additional funds. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. The outcome of these matters cannot be predicted at the present time. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

These financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These Financial Statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and related IFRS Interpretations Committee (“IFRICs”) as issued by the International Accounting Standards Board (“IASB”). The Financial Statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these Financial Statements have been prepared using the accrual basis of accounting except for cash flow information.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(b) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants, if any, would be anti-dilutive for the period presented and accordingly, basic and diluted losses per share are the same.

(c) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The determination that the Company will continue as a going concern for the next year is a critical judgement that management has made in the process of applying accounting policies and that has the most significant effect on the amounts recognized in the financial statements.

(d) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(e) Foreign Currency

The functional currency and the presentation of these financial statements are presented in Canadian dollars. The company has and expects to continue incurring expenditures denominated in US dollars and expects to generate revenue in US dollars. Revenue and expenses are translated at the average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statements of income (loss) and comprehensive income (loss).

(f) Inventories

Parts and finished goods are stated at the lower of cost and net realizable value. Inventory cost includes all expenses directly attributable to the manufacture including shipping and handling. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or slow moving. Actual net realizable value can vary from the estimated provision.

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying cost of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated at 30% declining balance for computer equipment and 20% declining balance for moulds used in manufacturing. Residual values, method of depreciation and useful lives of the assets are reviewed annual and adjusted, if required.

(h) Research and development expenditures

The Company anticipates it will qualify for certain investment tax credits related to its research and development activities in Canada. Research costs are expensed as incurred and are reduced by related investment tax credits, which are recognized when it is reasonable assurance that the ITCs will be received and all attached conditions will be complied with. The investment tax credits, if any, that may result from the research and development costs presented in these financial statements are not determinable as at the statement date.

(i) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(i) Financial instruments (*Continued*)

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash and cash equivalents and receivables (excluding sales taxes) as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the statement of net loss and comprehensive loss in the period in which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of net loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(i) Financial instruments *(Continued)*

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at December 31, 2020, the Company had a cash balance of \$335,780 to settle current liabilities of \$28,590.

5. PREPAID EXPENSES

	December 31
	2020
Office and lease deposit	\$ 6,150
	<u>\$ 6,150</u>

BEACON HILL INNOVATIONS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 7 TO DECEMBER 31, 2020
(Presented in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computer equipment and software	Moulds for Products	Total
Opening balance, February 7, 2020	\$ -	\$ -	\$ -
Additions	31,760	73,588	105,348
Amortization	(8,734)	-	(8,734)
Closing balance, December 31, 2020	\$ 23,026	\$ 73,588	\$ 96,614

Included in property and equipment are computer equipment, software and moulds for products with net book value of \$96,614 as at December 31, 2020.

7. PROMISSORY NOTE

During the period ended December 31, 2020, the Company entered into a promissory note (the "Note") with a shareholder of the Company with a maturity date of December 31, 2024. The Note is without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, and payable quarterly. The Company can repay all or part of the Note at any time without penalty.

8. SHARE CAPITAL

(a) Authorized:

At December 31, 2020, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

On May 27, 2020, the Company closed a non-brokered private placement of 13,751,000 common shares at a price of \$0.01 per share for gross proceeds of \$137,510.

On August 12, 2020, the Company closed a non-brokered private placement of 8,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$800,000.

9. RELATED PARTY TRANSACTIONS

Related Party Balances

As at December 31, 2020, \$Nil was due to officers of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

BEACON HILL INNOVATIONS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 7 TO DECEMBER 31, 2020
(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS, (cont'd)

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

Amounts due to:	Service	Period ended	Balance due
		December 31, 2020	As at December 31, 2020
Craig Fraser, officer and director	Salaries and benefits	\$ 80,385	\$ -
Daniel Davies, officer and director	Salaries and benefits	80,385	-
TOTAL:		\$ 160,770	\$ -

10. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

11. INCOME TAX

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	December 31, 2020
Net loss for the period before tax	\$ (779,196)
Statutory tax rates	27.00%
Expected income tax recovery	(210,383)
Non-deductible amounts	2,358
Net change in valuation allowance	208,025
Total income tax (recovery)	\$ -

The components of the Company's deferred income tax assets and liabilities are estimated as follows:

Non - capital loss carry forward	(208,025)
Valuation allowance	208,025
Net deferred income tax assets	-

BEACON HILL INNOVATIONS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM FEBRUARY 7 TO DECEMBER 31, 2020
(Presented in Canadian Dollars)

11. INCOME TAX, (cont'd)

The Company's non-capital loss carry-forwards expire as follows:

	Loss carry-forwards
2040	\$ 770,462
	\$ 770,462

12. SUBSEQUENT EVENTS

On February 8, 2021, the Company closed a non-brokered private placement of 5,400,003 common shares at a price of \$0.15 per share for gross proceeds of \$810,000.

On May 25, 2021, the Company closed a non-brokered private placement of 5,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,000,000.

On June 29, 2021, the Company entered into a letter of intent with Germinate Capital Ltd. ("Germinate") to acquire all of the issued and outstanding shares of the Company. Germinate is a capital pool company and trades on TSX Venture Exchange under the trading symbol "GCAP.P". This transaction will constitute a Qualifying Transaction for Germinate.

BEACON HILL INNOVATIONS LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2021

BEACON HILL INNOVATIONS LTD.

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INTERIM REVIEW REPORT

September 27, 2021

To the Audit Committee of Beacon Hill Innovations Ltd

In accordance with our engagement letter dated September 15, 2021, we have performed an interim review of the condensed consolidated statement of financial position of Beacon Hill Innovations Ltd. as at June 30, 2021, the condensed consolidated statements of loss and comprehensive loss for the six-month period ended June 30, 2021, and the condensed consolidated statements of changes in equity and cash flows for the six-month period then ended. These condensed consolidated financial statements are the responsibility of Beacon Hill Innovations Ltd. management.

We performed our interim review in accordance with Canadian generally accepted standards for a review of interim financial statements by an entity's auditor.

An interim review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements. Accordingly, we do not express such an opinion. An interim review does not provide assurance that we would become aware of any or all significant matters that might be identified in an audit.

Based on our interim review, we are not aware of any material modification that needs to be made for these interim financial statements to be in accordance with the International Financial Reporting Standards.

This report is solely for the use of the Audit Committee of Beacon Hill Innovations Ltd. to assist it in discharging its regulatory obligation to review these financial statements, and should not be used for any other purpose.



CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, Canada

BEACON HILL INNOVATIONS LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Presented in Canadian dollars)

	Note	June 30, 2021	December 31, 2020
Assets			
Current			
Cash and cash equivalents		\$ 978,647	\$ 335,780
Inventory		758,153	14,410
Receivables		41,875	8,950
SR&ED tax credit receivable		283,021	-
Prepaid expense	5	6,957	6,150
		2,068,653	365,290
Non-current			
Property and equipment, net	6	287,070	96,614
		287,070	96,614
		\$ 2,355,723	\$ 461,904
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 496,696	\$ 28,590
		496,696	28,590
Non-current			
Promissory note	7	275,000	275,000
		275,000	275,000
Shareholders' equity			
Share capital	8	2,747,510	937,510
Deficit		(1,163,483)	(779,196)
		1,584,027	158,314
		\$ 2,355,723	\$ 461,904

Nature of operations and going concern (NOTE 1)

Subsequent events (NOTE 11)

These condensed interim financial statements are approved by the Board on September 27, 2021.

Approved by the Board of Directors:

“Daniel Davies”

Daniel Davies

“Craig Fraser”

Craig Fraser

See the notes to the condensed interim financial statements

BEACON HILL INNOVATIONS LTD.**CONDENSED INTERIM STATEMENTS OF NET LOSS AND COMPREHENSIVE LOSS**

(Presented in Canadian dollars)

	Six months ended June 30, 2021	For the Period from February 7 to December 31, 2020
Expenses		
Advertising	\$ 49,415	\$ 4,264
Amortization	10,256	8,734
Consulting and marketing fees	78,887	92,252
Meals and entertainment	64	445
Office and miscellaneous	19,958	19,485
Professional fees	58,695	32,056
Prototype costs	12,333	29,923
Rent	15,001	25,037
Salaries and benefits	9 408,193	554,006
Supplies and other	7,798	12,235
Travel	187	759
Loss from operations	660,787	779,196
Other items		
SR&ED tax credit	(283,021)	-
Interest expense	5,500	-
Foreign exchange loss	1,021	-
	(276,500)	-
Net loss and comprehensive loss for the period	\$ 384,287	\$ 779,196
Basic and diluted loss per share	\$ 0.01	0.06
Weighted average number of common shares outstanding	27,811,247	12,937,405

See the notes to the condensed interim financial statements

BEACON HILL INNOVATIONS LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Presented in Canadian dollars)

	Note	Share Capital			Total Shareholders' Equity
		Number of shares	Amount	Deficit	
Balance, February 7, 2020		-	\$ -	\$ -	\$ -
Private placements		21,751,000	937,510	-	937,510
Loss for the period		-	-	(779,196)	(779,196)
Balance, December 31, 2020		21,751,000	\$ 937,510	\$ (779,196)	\$ 158,314
Private placements		10,400,003	1,810,000	-	1,810,000
Loss for the period		-	-	(384,287)	(384,287)
Balance, June 30, 2021		32,151,003	\$ 2,747,510	\$ (1,163,483)	\$ 1,584,027

See the notes to the condensed interim financial statements

BEACON HILL INNOVATIONS LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Presented in Canadian dollars)

	Note	Six months ended June 30, 2021	For the Period from February 7, 2020 to December 31, 2020
Cash provided by (used in):			
Operating activities			
Loss for the period		\$ (384,287)	\$ (779,196)
Item not affecting cash:			
Amortization		10,256	8,734
Changes in non-cash working capital items:			
Inventory		(743,743)	(14,410)
Receivables		(32,925)	(8,950)
SR&ED tax credit receivable		(283,021)	-
Prepaid expense		(807)	(6,150)
Accounts payable and accrued liabilities		468,106	28,590
Net cash used in operating activities		(966,421)	(771,382)
Investing activities			
Property and equipment		(200,712)	(105,348)
Net cash (used in) investing activities		(200,712)	(105,348)
Financing activities			
Proceeds from issuance of common shares	8	1,810,000	937,510
Promissory note	7	-	275,000
Net cash provided by financing activities		1,810,000	1,212,510
Change in cash and cash equivalents		642,867	335,780
Cash and cash equivalents, beginning of the period		335,780	-
Cash and cash equivalents, end of the period		\$ 978,647	\$ 335,780

See the notes to the condensed interim financial statements

BEACON HILL INNOVATIONS LTD.

NOTES TO CONDENSED THE INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(Presented in Canadian Dollars)

1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS

Beacon Hill Innovations Ltd. (the “Company” or “Beacon” or “Beacn”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office is Suite 410 - 325 Howe Street, Vancouver, BC, V6C 1Z7.

Beacon was founded in February 2020 to be a supplier of tech peripherals for Gamers, YouTubers, Podcasters and anyone creating content on the internet.

The Company is in the start-up phase and is focused on research and development.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern basis, which implies the Company will continue to realize its assets and discharge its liabilities in the normal course of business. The Company incurred a net loss of \$384,287 for the six months ended June 30, 2021. To date, the Company has not earned any revenue from operations. The continuation of the Company as a going concern is dependent upon the ability of the Company to obtain necessary equity or other financing to continue operations, and/or to attain sufficient profitable operations.

There are material uncertainties that may cast significant doubt about the appropriateness of the going concern assumption. The current market conditions and volatility increase the uncertainty of the Company’s ability to continue as a going concern given the need to continue research and development, purchase inventory, establish profitable sales and raise additional funds. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds. The outcome of these matters cannot be predicted at the present time. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

These condensed interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern. If the going concern basis was not appropriate for these financial statements, adjustments would be necessary in the carrying value of assets and liabilities, the reported expenses and the statements of financial position classifications used.

2. BASIS OF PREPARATION - STATEMENT OF COMPLIANCE

These condensed interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standard 34 “Interim Financial Reporting” (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) on a basis consistent with those followed by the most recent annual financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Share capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity. Common shares issued for consideration other than cash, are valued based on their market value at the date the shares are issued.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(b) Basic loss per share

Basic loss per share is computed using the weighted average number of common shares outstanding during the period. The computation of diluted earnings per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on earnings per share. The dilutive effect of convertible securities is reflected in diluted earnings per share by application of the "if converted" method. The effect of potential issuances of shares from the exercise of outstanding options and warrants, if any, would be anti-dilutive for the period presented and accordingly, basic and diluted losses per share are the same.

(c) Significant accounting judgments and estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

The determination that the Company will continue as a going concern for the next year is a critical judgement that management has made in the process of applying accounting policies and that has the most significant effect on the amounts recognized in the financial statements.

(d) Income taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of comprehensive loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable income nor loss. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(e) Foreign Currency

These interim financial statements are presented in Canadian dollars. The company has and expects to continue incurring expenditures denominated in US dollars and expects to generate revenue in US dollars. Revenue and expenses are translated at the average rates for the period, unless exchange rates fluctuated significantly during the period, in which case the exchange rates at the dates of the transaction are used. Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the date of the transactions. At the end of each reporting period, foreign currency denominated monetary assets and liabilities are translated to the functional currency using the prevailing rate of exchange at the reporting period date. Gains and losses on translation of monetary items are recognized in the statements of income (loss) and comprehensive income (loss).

(f) Inventories

Parts and finished goods are stated at the lower of cost and net realizable value. Inventory cost includes all expenses directly attributable to the manufacture including shipping and handling. Net realizable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Inventories are written down to net realizable value when the cost of inventories is estimated to be unrecoverable due to obsolescence, damage or slow moving. Actual net realizable value can vary from the estimated provision.

(g) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying cost of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to the statements of loss and comprehensive loss during the period in which they are incurred.

Depreciation is calculated at 30% declining balance for computer equipment and 20% declining balance for moulds used in manufacturing. Residual values, method of depreciation and useful lives of the assets are reviewed annual and adjusted, if required.

(h) Research and development expenditures

The Company anticipates it will qualify for certain investment tax credits related to its research and development activities in Canada. Research costs are expensed as incurred and are reduced by related investment tax credits, which are recognized when it is reasonable assurance that the ITCs will be received and all attached conditions will be complied with. The investment tax credits, if any, that may result from the research and development costs presented in these interim financial statements are not determinable as at the statement date.

(i) Financial instruments

Financial Assets - Classification

The Company classifies its financial assets in the following measurement categories:

- Those to be measured subsequently at fair value (either through Other Comprehensive Income ("OCI"), or through profit or loss ("FVTPL"), and
- Those to be measured at amortized cost.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(i) Financial instruments (*Continued*)

The classification depends on the Company's business model for managing the financial assets and contractual terms of the cash flows. For assets measured at fair value, gains or losses are recorded in profit or loss or OCI.

The Company has classified cash and cash equivalents and receivables (excluding sales taxes) as subsequently measured at amortized cost.

Financial Assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, the transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Financial assets are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Subsequent measurement of financial assets depends on their classification. These are the measurement categories under which the Company classifies its financial assets:

- Subsequently measured at amortized cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.
- Fair value through OCI ("FVOCI"): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains and losses, interest revenue, and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains (losses). Interest income from these financial assets is included as finance income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL. A gain or loss on an investment that is subsequently measured at FVTPL is recognized in profit or loss and presented in the statement of net loss and comprehensive loss in the period in which it arises.

Impairment of Financial Assets at Amortized Cost

The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Company measures the loss allowance for the financial asset at an amount equal to the lifetime expected credit losses of the credit risk on the financial asset has increased significantly since initial recognition. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Company measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Company shall recognize in the statement of net loss and comprehensive loss, as an impairment gain or loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized.

3. SIGNIFICANT ACCOUNTING POLICIES, (cont'd)

(i) Financial instruments *(Continued)*

Financial Liabilities

The Company classifies its financial liabilities into the following categories: financial liabilities at FVTPL and amortized cost.

A financial liability is classified as FVTPL if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognized costs are recognized in profit or loss as incurred. The fair value changes to financial liabilities at FVTPL are presented as follows: the amount of change in fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and the remaining amount of the change in the fair value is presented in profit or loss. The Company does not designate any financial liabilities at FVTPL.

Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest rate method. The Company classifies its accounts payable and accrued liabilities as financial liabilities held at amortized cost.

4. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The fair values of the Company's cash and accounts payable and accrued liabilities approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank account. The Company's bank account is held with a major bank in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at June 30, 2021, the Company had a cash balance of \$978,647 to settle current liabilities of \$496,696.

5. PREPAID EXPENSES

	June 30	
	2021	
Office and lease deposit	\$	<u>6,957</u>
	\$	<u>6,957</u>

BEACON HILL INNOVATIONS LTD.**NOTES TO CONDENSED THE INTERIM FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED JUNE 30, 2021

(Presented in Canadian Dollars)

6. PROPERTY AND EQUIPMENT

	Computer equipment and software	Moulds for Products	Total
Balance, February 7, 2020	\$ -	\$ -	\$ -
Additions	31,760	73,588	105,348
Amortization	(8,734)	-	(8,734)
Balance, December 31, 2020	\$ 23,026	\$ 73,588	\$ 96,614
Additions	28,536	172,176	200,712
Amortization	(10,256)	-	(10,256)
Balance, June 30, 2021	\$ 41,306	\$ 245,764	\$ 287,070

Included in property and equipment are computer equipment, software and moulds for products with net book value of \$287,070 as at June 30, 2021.

7. PROMISSORY NOTE

During the year ended December 31, 2020, the Company entered into a promissory note (the "Note") with a maturity date of December 31, 2024. The Note is without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, and payable quarterly. The Company can repay all or part of the Note at any time without penalty. During the six months ended June 30, 2021, the Company paid \$5,500 (2020 - \$Nil) in interest expense.

8. SHARE CAPITAL

(a) Authorized:

At June 30, 2021, the authorized share capital was comprised of an unlimited number of common shares. The common shares do not have a par value. All issued shares are fully paid.

(b) Share issuances:

Fiscal 2021

On February 8, 2021, the Company closed a non-brokered private placement of 5,400,003 common shares at a price of \$0.15 per share for gross proceeds of \$810,000.

On June 25, 2021, the Company closed a non-brokered private placement of 5,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,000,000.

Fiscal 2020

On May 27, 2020, the Company closed a non-brokered private placement of 13,751,000 common shares at a price of \$0.01 per share for gross proceeds of \$137,510.

On August 12, 2020, the Company closed a non-brokered private placement of 8,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$800,000.

BEACON HILL INNOVATIONS LTD.
NOTES TO CONDENSED THE INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2021
(Presented in Canadian Dollars)

9. RELATED PARTY TRANSACTIONS

Related Party Balances

As at June 30, 2021, \$Nil was due to officers of the Company or to companies controlled by officers of the Company and recorded in trade payables and accrued liabilities (see table below). These amounts are unsecured and non-interest bearing with no fixed terms of repayment.

Key Management Compensation

The Company's related parties include key management. Key management includes executive directors and non-executive directors. The remuneration to key management of the Company and the payments to companies controlled by officers of the Company as defined above were as follows:

Amounts due to:	Service	Six months ended June 30, 2021	For the Period from February 7 to December 31, 2020	Balance due	
				As at June 30, 2021	As at December 31, 2020
Craig Fraser, officer and director	Salaries and benefits	\$ 51,019	\$ 80,385	\$ -	\$ -
Daniel Davies, officer and director	Salaries and benefits	51,019	80,385	-	-
TOTAL:		\$ 102,038	\$ 160,770	\$ -	\$ -

10. CAPITAL MANAGEMENT

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

11. SUBSEQUENT EVENTS

On July 6, 2021, the Company announced that it had entered into a letter of intent with Germinate Capital Ltd. ("Germinate") in which Germinate will acquire all of the issued and outstanding shares of the Company. Germinate is a capital pool company and trades on TSX Venture Exchange (the "Exchange") under the trading symbol "GCAP.P". This transaction will constitute a Qualifying Transaction (the "QT") for Germinate. The QT will be an arm's-length transaction pursuant to which the shareholders of the Company will become the largest shareholders of Germinate upon completion of the QT.

On September 14, 2021, the Company entered into a \$500,000 convertible note ("Notes") with 2 lenders. These Notes are convertible, at the option of the lenders, into the units of Germinate under the same terms as the financing until March 14, 2023 where each unit is convertible into one common share of Germinate and one-half of one share purchase warrant ("Warrant") of Germinate. Each Warrant is exercisable into a common share of Germinate at \$0.60 for a period of 2 years. Should the QT between the Company and Germinate not close for any reason before March 14, 2023, the Notes, at the option of the lenders, will be convertible into shares of the Company at a price equals to the Company's most recent financing, or be repaid in full. The Notes are subject to an interest rate of 5% per annum and a one-time setup fee of \$1,250.

EXHIBIT "F"

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF TARGET FOR THE PERIOD FROM INCORPORATION
ON FEBRUARY 7, 2020 TO DECEMBER 31, 2020 AND FOR THE 6 MONTH PERIOD ENDED JUNE 30, 2021**

BEACON HILL INNOVATIONS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE PERIOD FROM INCORPORATION ON FEBRUARY 7, 2020 TO DECEMBER 31, 2020

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Beacon Hill Innovations Ltd. ("Beacon" or "Beach" or the "Company") and has been prepared based on information known to management as of July 23, 2021. This MD&A is intended to help the reader understand the financial statements of Beacon.

The following information should be read in conjunction with the audited financial statements for the period from incorporation on February 7, 2020 to December 31, 2020 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the period from incorporation on February 7, 2020 to December 31, 2020.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein.

Forward looking statements that have been made in this MD&A include:

- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue supplying tech peripherals for content creators on the internet; and
- Management expectations of future activities and results.

1. Background

Beacon Hill Innovations Ltd. (“Beacon” or “Beacn” or the “Company”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office Suite 410 - 325 Howe Street, Vancouver, BC, V6C 1Z7.

2. Overview and Outlook

Beacon was founded in February 2020 to be a supplier of tech peripherals for Gamers, YouTubers, Podcasters and anyone creating content on the internet. The Company is in the start-up phase and is focused on research and development.

BEACN's founders have a strong knowledge of audio engineering and hardware manufacturing coupled with many years of experience and success in the streaming and gaming industry. In early 2020, they conceived of the idea to form a company focusing on the audio and technical needs of online content creators and gamers. An initial focus for the Company was creating solutions for the pain points for these creators, including the quality of incoming audio via microphones and management of multiple audio sources coming from their computers. New, innovative, and user friendly solutions are anticipated by BEACN to see broad adoption in the quickly expanding content creator market.

Since February 2020 BEACN's founders and angel investors have contributed \$2,747,510 in equity at various prices and \$275,000 in shareholder loans, of which \$1,810,000 was subsequent to the year ended December 31, 2020. BEACN has attracted an experienced team familiar with audio engineering and was able to “hit the ground running” on the research & development of innovative products. Everything about BEACN products is designed and engineered from the ground up, without off-the-shelf products or pre-existing software. BEACN components are created specifically for use in BEACN's products and are anticipated to be valuable components in future BEACN products.

By December 31, 2020, much of the research and development was completed on three products; a microphone with powerful, built in, processing built to take the load of the users CPU and two audio controllers which give unprecedented control over audio without 3rd party software, complicated settings, or constant adjustment to changing Windows settings. Great sound, great control, and ease of use.

Product manufacturing began during 2020 including initial production moulds and advanced prototype products. The microphones will be manufactured in China and the audio controllers in British Columbia. BEACN is pleased to have Canadian manufacturing as part of its program and anticipates product delivery to begin in Q3 or Q4 2021.

Marketing and sales efforts began in early 2020, because an integral piece of BEACN's agile design and development approach includes ongoing communication with end-users to maximize the effectiveness of the Company's products. BEACN is already building long-term relationships with potential customers, content creators and influencers. By starting that process in early 2020, BEACN has refined its original product concepts to meet the needs and wants of the content creators.

The content “creator” space is large, with supporting computer/tech accessory sales in the billions of dollars and strong year-over-year growth. For example, MarketWatch (Jon Swartz) July 14, 2021 reported that “Mark Zuckerberg pledged \$1 billion to creators through 2022 to lure

influencers” and that “at least 50 million people globally consider themselves content creators. With product manufacturing underway, BEACN is gearing up its marketing plans and sales strategy, for example:

- A Shopify-powered website, combined with modern, digitally connected third party logistics (3PL) will allow the Company to provide products at competitive prices with comprehensive shipping, returns and customer service in nearly every market in the world, without having to manage employee overhead or maintain inventory in unnecessary locations. As various worldwide markets show growth, expansion of products into those markets can happen dynamically, resulting in reduced costs over the long term by only keeping inventory where it is necessary.
- Amazon is a strong sales channel for technology products that provides BEACN direct access to the millions of consumers who already utilize that platform. Utilizing BEACN’s 3PL (ShipCalm) to handle freight to Amazon’s Fulfillment program (FBA) the Company anticipates providing consumers with an Amazon Prime level customer experience in the United States upon launch, with the expectation of offering this service level to the European Union and United Kingdom in the future.

On June 29, 2021, the Company entered into a letter of intent with Germinate Capital Ltd. (“Germinate”) to acquire all of the issued and outstanding shares of the Company. Germinate is a capital pool company and trades on TSX Venture Exchange under the trading symbol “GCAP.P”. This transaction will constitute a Qualifying Transaction for Germinate.

BEACN expects the next few months to be exciting as the Company anticipated becoming a publicly listed company and reaching its goal to report revenue in Q4 2021.

3. Material Financial and Operations Information

3(a) Selected Financial Information

	Period from incorporation on February 7, 2020 to December 31, 2020
Total revenues	\$ -
Loss from continuing operations	779,196
Loss and comprehensive loss for the year	779,196
Loss per share (basic and diluted)	0.06
Total assets	461,904
Total long-term financial liabilities	275,000
Cash dividends declared – per share	N/A

3(b) Review of Operations and Financial Results

For the period from incorporation on February 7, 2020 to December 31, 2020

During the period ended December 31, 2020, the Company reported a comprehensive loss of \$779,196 (\$0.06 loss per share). The current period's comprehensive loss is due to product development and general corporate activities. Major expenses include consulting and marketing fees of \$92,252, professional fees of \$32,056, prototype costs of \$29,923, and salaries and benefits of \$554,006.

3(c) Capital Resources

On May 27, 2020, the Company closed a non-brokered private placement of 13,751,000 common shares at a price of \$0.01 per share for gross proceeds of \$137,510.

On August 12, 2020, the Company closed a non-brokered private placement of 8,000,000 common shares at a price of \$0.10 per share for gross proceeds of \$800,000.

On February 8, 2021, the Company closed a non-brokered private placement of 5,400,003 common shares at a price of \$0.15 per share for gross proceeds of \$810,000.

On May 25, 2021, the Company closed a non-brokered private placement of 5,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,000,000.

3(d) Liquidity

As at December 31, 2020, the Company's working capital was \$336,700. Cash totaled \$335,780 as at December 31, 2020. The cash was provided by net proceeds from the financing activities of \$1,212,510 while being offset by operating activities of \$771,382 and investing activities of \$105,348.

As of the date of this MD&A, the Company has an outstanding promissory note of \$275,000 (the "Note") with a shareholder of the Company with a maturity date of December 31, 2024. The Note is without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, and payable quarterly. The Company can repay all or part of the Note at any time without penalty.

3(e) Disclosure of Outstanding Share Data

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at December 31, 2020, the Company's share capital was \$937,510 representing 21,751,000 common shares.

As of the date of this MD&A, there were 32,151,003 common shares issued and outstanding.

3(f) Off-Balance Sheet Arrangements

None.

3(g) Transactions with Related Parties

Amounts due to:	Service	Period ended	Balance due
		December 31, 2020	As at December 31, 2020
Craig Fraser, officer and director	Salaries and benefits	\$ 80,385	\$ -
Daniel Davies, officer and director	Salaries and benefits	80,385	-
TOTAL:		\$ 160,770	\$ -

The above transactions are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties. Amounts due to related parties are unsecured, non-interest bearing and have no fixed term of repayment.

There are no material related party transactions other than compensation paid to directors as disclosed in the audited financial statements.

3(h) Financial Instruments

The fair values of the Company's cash, receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at December 31, 2020, the Company had a cash balance of \$335,780 to settle current liabilities of \$28,590.

4. Risks and Uncertainties

The risks and uncertainties below must be taken into account, as they may affect the Company's ability to achieve our strategic goals. Investors are therefore advised to consider the following items in assessing the Company's future prospects as an investment.

Future operations

The Company has yet to generate any revenue from operations and has incurred operating losses since its inception and there is no assurance that the Company will be able to generate revenue sufficient to meet or exceed its operating and capital expenses.

Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in the audit report attached to the financial statements for the period from incorporation on February 7, 2020 to December 31, 2020, the Company's independent registered public accounting firm included an emphasis of matter paragraph regarding concerns about material uncertainty that may cast significant doubt our ability to continue as a going concern.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the business may be dependent upon obtaining further financing, successful and sufficient market acceptance of current products and any new products that may be introduced, the continuing successful development of product and related technologies, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of the current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

There are no assurances that the Company will be able to obtain further funds required for continued operations. The Company is pursuing various financing alternatives to meet its long-term financial requirements. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, it will be forced to scale down or perhaps even cease the operation of its business.

Supply chain interruptions

The Company is exposed to potential supply chain disruptions due to fire, flood, shipping delays, and ongoing pandemic, affecting our contract manufacturing facility, suppliers, and warehouse. Interruptions in the supply chain may also lead to the Company's inability to secure the necessary parts to manufacture its products. Supply chain issues may lead to price fluctuations and this could cause our profits to decrease if we cannot pass along the extra cost to consumers.

Competition and technological obsolescence

The markets for the Company's products experience ongoing technological changes and the Company must compete with existing technology and service providers, new companies and advancing technologies. In order to remain fully competitive, the Company must continue to innovate and respond with advanced generations of software, products and services. The inability to react in a timely fashion to technological and competitive changes could have a negative impact on the Company and its ability to attract and retain customers. Moreover, the highly competitive market in which the Company operates could cause the Company to reduce its prices and offer other favorable terms in order to compete successfully with its rivals. These practices could, over time, limit the prices that the Company can charge for its products. If the Company was unable to offset such potential price reductions from products, it could negatively impact the Company's profit margins and operating results.

Possible dilution to present and prospective shareholders

The extent to which the Company can generate revenue from operations, if it can do so, will determine the Company's requirement for future financings, which may include debt financings. Any transaction involving the issuance of common shares would result in dilution, possibly substantial, to present and prospective holders of common shares. Further, the Company has entered into a Letter of Intent with Germinate, as described above which will result in dilution to holders of common shares of BEACN.

Dependence of key personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

5. Significant Accounting Judgments and Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that the functional currency of the Company is Canadian dollar.

6. Subsequent Events

Other than the private placements noted in 3(c) and the letter of intent with Germinate noted in (2) there are no material events subsequent to Dec 31, 2020.

6. Information on the Board of Directors and Management

Directors:

Daniel Davies
Craig Fraser

Management:

Daniel Davies – Co-Founder and Chief Executive Officer
Craig Fraser – Co-Founder and Chief Technology Officer

**BEACON HILL INNOVATIONS LTD.
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED JUNE 30, 2021**

INTRODUCTION

This is Management's Discussion and Analysis ("MD&A") for Beacon Hill Innovations Ltd. ("Beacon" or "Beacn" or the "Company") and has been prepared based on information known to management as of September 27, 2021. This MD&A is intended to help the reader understand the interim financial statements of Beacon.

The following information should be read in conjunction with the interim financial statements and the related notes for the three months ended June 30, 2021 and audited financial statements for the period from incorporation on February 7, 2020 to December 31, 2020 and the related notes thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A provides a review of the performance of the Company for the six months ended June 30, 2021.

Management is responsible for the preparation and integrity of the interim financial statements, including the maintenance of appropriate information systems, procedures and internal controls. Management also ensures that information used internally or disclosed externally, including the interim financial statements and MD&A, is complete and reliable.

All currency amounts are expressed in Canadian dollars unless otherwise noted.

FORWARD LOOKING STATEMENTS

Certain statements contained in the following MD&A and elsewhere constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks set forth in the Company's filings and herein.

Forward looking statements that have been made in this MD&A include:

- Budgets or estimates with respect to future activities;
- Estimates of how long the Company expects its working capital to last;
- Expectations regarding the ability to raise capital and to continue supplying tech peripherals for content creators on the internet; and
- Management expectations of future activities and results.

BACKGROUND

Beacon Hill Innovations Ltd. (“Beacon” or “Beacn” or the “Company”) is incorporated and domiciled in Canada under the Business Corporations Act (British Columbia), and its registered office Suite 410 - 325 Howe Street, Vancouver, BC, V6C 1Z7.

OVERVIEW

Beacon was founded in February 2020 to be a supplier of tech peripherals for Gamers, YouTubers, Podcasters, and anyone creating content on the internet. The Company is in the start-up phase and is focused on research and development.

BEACN’s founders have a strong knowledge of audio engineering and hardware manufacturing coupled with many years of experience and success in the streaming and gaming industry. In early 2020, they conceived of the idea to form a company focusing on the audio and technical needs of online content creators and gamers.

The Company has focused on creating solutions to resolve the pain points for these creators, including the quality of incoming audio via microphones and management of multiple audio sources coming from their computers. New, innovative, and user friendly products are nearing completion and sales are anticipated in Q4 2021. BEACN expects to see broad adoption of these products in the quickly expanding content creator market.

Since February 2020 BEACN’s founders and angel investors have contributed \$2,747,510 in equity at various prices and \$275,000 in shareholder loans. BEACN’s experienced team, familiar with audio engineering, “hit the ground running” on research & development resulting in three innovative products: a microphone with powerful, built in, processing built to take the load of the users CPU and two audio controllers which give unprecedented control over audio without 3rd party software, complicated settings, or constant adjustment to changing Windows settings. Everything about BEACN products is designed and engineered from the ground up, without off-the-shelf products or pre-existing software. BEACN components are created specifically for use in BEACN’s products and are anticipated to be valuable components in future BEACN products.

Product manufacturing began during 2020 and is has progressed well during the six months ended June 30, 2021. The Company has secured inventory parts in advance to ensure availability for mass production and has completed moulds for all three products. Final testing is in progress to enable mass production; the microphones will be manufactured in China and the audio controllers in British Columbia. BEACN is pleased to have Canadian manufacturing as part of its program and anticipates product delivery to begin in Q4 2021.

Marketing and sales efforts began in early 2020, because an integral piece of BEACNs agile design and development approach includes ongoing communication with end-users to maximize the effectiveness of the Company’s products. BEACN has continued building long-term relationships with potential customers, content creators and influencers and added thousands of contacts to the BEACN mailing list during the six months ended June 30, 2021. A similar number of followers have been added to BEACN’s twitter following during that period and the Company is pleased that the numbers are higher than anticipated. The content “creator” space is large, with supporting computer/tech accessory sales in the billions of dollars and strong year-

over-year growth. BEACN has made significant progress as it continues to gear up its marketing plans and sales strategy, for example:

- A Shopify-powered website, combined with modern, digitally connected third party logistics (3PL) will allow the Company to provide products at competitive prices with comprehensive shipping, returns and customer service in nearly every market in the world, without having to manage employee overhead or maintain inventory in unnecessary locations. As various worldwide markets show growth, expansion of products into those markets can happen dynamically, resulting in reduced costs over the long term by only keeping inventory where it is necessary.
- Amazon is a strong sales channel for technology products that provides BEACN direct access to the millions of consumers who already utilize that platform. Utilizing BEACN's 3PL (ShipCalm) to handle freight to Amazon's Fulfillment program (FBA) the Company anticipates providing consumers with an Amazon Prime level customer experience in the United States upon launch, with the expectation of offering this service level to the European Union and United Kingdom in the future.

On June 29, 2021, the Company entered into a letter of intent with Germinate Capital Ltd. ("Germinate") to acquire all of the issued and outstanding shares of the Company. Germinate is a capital pool company and trades on TSX Venture Exchange under the trading symbol "GCAP.P". This transaction will constitute a Qualifying Transaction for Germinate. Subsequent to June 30, 2021 significant progress has been made toward completing this transaction.

BEACN expects the next few months to be exciting as the Company anticipates becoming a publicly listed company and reaching its goal to report revenue in Q4 2021.

INTERIM PERIOD FINANCIAL CONDITION

Capital Resources

On February 8, 2021, the Company closed a non-brokered private placement of 5,400,003 common shares at a price of \$0.15 per share for gross proceeds of \$810,000.

On May 25, 2021, the Company closed a non-brokered private placement of 5,000,000 common shares at a price of \$0.20 per share for gross proceeds of \$1,000,000.

On September 14, 2021, the Company entered into a \$500,000 convertible note (“Notes”) with 2 lenders. These Notes are convertible, at the option of the lenders, into the units of Germinate under the same terms as the financing until March 14, 2023 where each unit is convertible into one common share of Germinate and one-half of one share purchase warrant (“Warrant”) of Germinate. Each Warrant is exercisable into a common share of Germinate at \$0.60 for a period of 2 years. Should the QT between the Company and Germinate not close for any reason before March 14, 2023, the Notes, at the option of the lenders, will be convertible into shares of the Company at a price equals to the Company's most recent financing, or be repaid in full. The Notes are subject to an interest rate of 5% per annum and a one-time setup fee of \$1,250.

The Company is aware of the current conditions in the financial markets and has planned accordingly. The Company's current treasury and the future cash flows from equity issuances will allow its efforts to continue throughout 2021. If the market conditions prevail or improve, the Company will make adjustment to budgets accordingly.

Liquidity

As at June 30, 2021, the Company's working capital was \$1,571,957 (December 31, 2020 - \$336,700). Cash totaled \$978,647 as at June 30, 2021, an increase of \$642,867 from 335,780 as at December 31, 2020. The increase was due to financing activities of \$1,810,000 while being offset by operating activities of \$966,421 and investing activities of \$200,712.

As of the date of this MD&A, the Company has an outstanding promissory note of \$275,000 (the “Note”) with a shareholder of the Company with a maturity date of December 31, 2024. The Note was without interest until December 31, 2020, and thereafter incurs interest at a rate of 4% per annum, and payable quarterly. The Company can repay all or part of the Note at any time without penalty.

Operations

For the six months ended June 30, 2021 compared with the period from incorporation on February 7, 2020 to December 31, 2020:

The Company incurred losses of \$384,287 (\$0.01 per share) and \$779,196 (\$0.06 per share) respectively for the six months ended June 30, 2021 and for the period from incorporation on February 7, 2020 to December 31, 2020.

The Company's general and administrative expenses amounted to \$660,787 (2020 - \$779,196), a decrease of \$118,409. The change in the expenses was mainly due to decreases in: (a)

consulting and marketing fees (2021 - \$78,887; 2020 - \$92,252); (b) prototype costs (2021 - \$12,333; 2020 - \$29,923); (c) rent (2021 - \$15,001; 2020 - \$25,037) and (d) salaries and benefits (2021 - \$408,193; 2020 - \$554,006) as the Company has been trying to conserve the cash. The decreases were offset by increases in: (a) advertising (2021 - \$49,415; 2020 - \$4,264) and (b) professional fees (2021 - \$58,695; 2020 - \$32,056).

RISKS AND UNCERTAINTIES

The risks and uncertainties below must be taken into account, as they may affect the Company's ability to achieve our strategic goals. Investors are therefore advised to consider the following items in assessing the Company's future prospects as an investment.

Future operations

Presently, the Company's future revenues are not sufficient to meet operating and capital expenses and the Company has incurred operating losses since inception, which are likely to continue for the foreseeable future.

Due to the uncertainty of the Company's ability to meet its current operating and capital expenses, in the audit report attached to the financial statements for the period from incorporation on February 7, 2020 to December 31, 2020, the Company's independent registered public accounting firm included an emphasis of matter paragraph regarding concerns about material uncertainty that may cast significant doubt our ability to continue as a going concern.

There is substantial doubt about the Company's ability to continue as a going concern as the continuation of the business may be dependent upon obtaining further financing, successful and sufficient market acceptance of current products and any new products that may be introduced, the continuing successful development of product and related technologies, and, finally, achieving a profitable level of operations. The issuance of additional equity securities by the Company could result in a significant dilution in the equity interests of the current stockholders. Obtaining commercial loans, assuming those loans would be available, will increase the Company's liabilities and future cash commitments.

There are no assurances that the Company will be able to obtain further funds required for continued operations. The Company is pursuing various financing alternatives to meet its long-term financial requirements. There can be no assurance that additional financing will be available to the Company when needed or, if available, that it can be obtained on commercially reasonable terms. If the Company is not able to obtain the additional financing on a timely basis, it will be forced to scale down or perhaps even cease the operation of its business.

Supply chain interruptions

The Company is exposed to potential supply chain disruptions due to fire, flood, shipping delays, and ongoing pandemic, affecting our contract manufacturing facility, suppliers, and warehouse. Interruptions in the supply chain may also lead to the Company's inability to secure the necessary parts to manufacture its products. Supply chain issues may lead to price fluctuations and this could cause our profits to decrease if we cannot pass along the extra cost to consumers.

Competition and technological obsolescence

The markets for the Company's products experience ongoing technological changes and the Company must compete with existing technology and service providers, new companies and advancing technologies. In order to remain fully competitive, the Company must continue to innovate and respond with advanced generations of software, products and services. The inability to react in a timely fashion to technological and competitive changes could have a negative impact on the Company and its ability to attract and retain customers. Moreover, the highly competitive market in which the Company operates could cause the Company to reduce its prices and offer other favorable terms in order to compete successfully with its rivals. These practices could, over time, limit the prices that the Company can charge for its. If the Company was unable to offset such potential price reductions from products, it could negatively impact the Company's profit margins and operating results.

Possible dilution to present and prospective shareholders

Business negotiations related to the Company's search for new business opportunities may result in the issuance of cash, securities of the Company, or a combination of the two, and possibly, incurring debt. Any transaction involving the issuance of previously authorized but unissued common shares would result in dilution, possibly substantial, to present and prospective holders of common shares.

Dependence of key personnel

The Company strongly depends on the business and technical expertise of its management and key personnel. There is little possibility that this dependence will decrease in the near term.

TRANSACTIONS WITH RELATED PARTIES

Amounts due to:	Service	Six months ended June 30, 2021	For the Period from February 7 to December 31, 2020	Balance due	
				As at June 30, 2021	As at December 31, 2020
Craig Fraser, officer and director	Salaries and benefits	\$ 51,019	\$ 80,385	\$ -	\$ -
Daniel Davies, officer and director	Salaries and benefits	51,019	80,385	-	-
TOTAL:		\$ 102,038	\$ 160,770	\$ -	\$ -

Amounts owing to/from related parties are non-interest bearing, unsecured, and have no fixed terms of repayment. The changes during the period were measured by the exchange amount, which is the amount agreed upon by the transacting parties.

DISCLOSURE OF OUTSTANDING SHARE DATA

The authorized share capital of the Company consists of an unlimited number of common shares without par value. As at June 30, 2021, the Company's share capital 2,747,510 representing 32,151,003 common shares.

As of the date of this MD&A, there were 32,151,003 common shares issued and outstanding.

FINANCIAL INSTRUMENTS

The fair values of the Company's cash, receivables, accounts payable and accrued liabilities and due to related parties approximate their carrying values.

The Company's financial instruments are exposed to certain financial risks, including credit risk, interest rate risk and liquidity risk.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its bank accounts. The Company's bank accounts are held with major banks in Canada; accordingly, the Company believes it is not exposed to significant credit risk.

b) Interest rate risk

Interest rate risk is the risk of losses that arise as a result of changes in contracted interest rates. The Company is not exposed to significant interest rate risk.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they come due. The Company controls liquidity risk by ensuring that it has sufficient cash resources to pay for its financial obligations. As at June 30, 2021, the Company had a cash balance of \$978,647 to settle current liabilities of \$496,696.

MANAGEMENT OF CAPITAL RISK

The Company's capital consists of shareholders' equity. The Company's objective when managing capital is to maintain adequate levels of funding to support the development of its businesses and maintain the necessary corporate and administrative functions to facilitate these activities. This is done primarily through equity financing, selling assets, and incurring debt. Future financings are dependent on market conditions and there can be no assurance the Company will be able to raise funds in the future. The Company invests all capital that is surplus to its immediate operational needs in short-term, highly liquid, high-grade financial instruments. There were no changes to the Company's approach to capital management during the period. The Company is not subject to externally imposed capital requirements.

SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of these interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The interim financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future

occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the statement of financial position date, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

Critical judgments

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the interim financial statements:

- the determination that the Company will continue as a going concern for the next year; and
- the determination that the functional currency of the Company is Canadian dollar.

INFORMATION ON THE BOARD OF DIRECTORS AND MANAGEMENT

Directors:

Daniel Davies
Craig Fraser

Management:

Daniel Davies – Co-Founder and Chief Executive Officer
Craig Fraser – Co-Founder and Chief Technology Officer

EXHIBIT "G"
PRO FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION
OF THE RESULTING ISSUER

Germinate Capital Ltd.

**Proforma Consolidated Statement of Financial Position
(unaudited)**

May 31, 2021

Germinate Capital Ltd.

(to be renamed Beacon Hill Innovation Ltd. or such other name to be approved by the board of Germinate Capital Ltd.)

Unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted) May 31, 2021

	Beacon Hill Innovations Ltd. As at June 30, 2021	Germinate Capital Ltd. As at May 31, 2021	Notes	Pro Forma Adjustments	Pro-Forma Consolidated
Assets					
Current assets:					
Cash	\$ 978,647	\$ 289,052	4(a)	1,669,257	\$ 2,936,956
Inventory	758,153	-			758,153
Receivables	41,875	3,671			45,546
SR&ED tax credit receivable	283,021	-			283,021
Prepaid expenses	6,957	-			6,957
	<u>2,068,653</u>	<u>292,723</u>		<u>1,669,257</u>	<u>4,030,633</u>
Non-current assets					
Property and equipment	287,070	-			287,070
	<u>\$ 2,355,723</u>	<u>\$ 292,723</u>		<u>\$ 1,669,257</u>	<u>\$ 4,317,703</u>
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Accounts payable and accrued liabi	\$ 496,696	\$ 40,238			\$ 536,934
Due to related parties	-	9,492			9,492
	<u>496,696</u>	<u>49,730</u>		<u>-</u>	<u>546,426</u>
Non-current liabilities					
Promissory note	275,000	-			275,000
	<u>275,000</u>	<u>-</u>		<u>-</u>	<u>275,000</u>
Shareholders' equity:					
Share capital	2,747,510	281,534	4(a)	2,000,000	6,160,161
			4(a)	(23,243)	
			4(a)	(4,106)	
			4(b)	(281,534)	
			4(b)	1,440,000	
Reserves	-	22,516	4(a)	4,106	271,856
			4(b)	(22,516)	
			4(c)	267,750	
Deficit	(1,163,483)	(61,057)	4(a)	(307,500)	(2,935,740)
			4(b)	(1,197,007)	
			4(b)	61,057	
			4(c)	(267,750)	
	<u>1,584,027</u>	<u>242,993</u>		<u>1,669,257</u>	<u>3,496,277</u>
	<u>\$ 2,355,723</u>	<u>\$ 292,723</u>		<u>\$ 1,669,257</u>	<u>\$ 4,317,703</u>

Germinate Capital Ltd.

(to be renamed Beacon Hill Innovation Ltd. or such other name to be approved by the board of Germinate Capital Ltd.)
Unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted) May 31, 2021

1. BASIS OF PRESENTATION

The unaudited pro-forma consolidated statement of financial position of Germinate Capital Ltd. (“Germinate” or the “Company”) has been prepared by management in accordance with International Financial Reporting Standards for inclusion in the Filing Statement of the Company. The Filing Statement describes a proposed transaction (the “Transaction”) involving Germinate and Beacon Hill Innovations Ltd. (“BEACN”) which is described in more detail in note 2.

The unaudited pro-forma consolidated statement of the financial position of the Company has been compiled from the following financial information:

- Unaudited interim financial statements of the Company for the six months ended May 31, 2021.
- Unaudited financial statements of BEACN for the six months ended June 30, 2021.

The unaudited pro-forma consolidated statement of financial position is not intended to reflect the financial position of the Company that would have resulted had the proposed transactions described in note 2 and other pro-forma adjustments occurred as assumed. Further, the unaudited pro-forma consolidated statement of financial position is not necessarily indicative of the financial position that may be attained in the future. The unaudited pro-forma consolidated statement of the financial position should be read in conjunction with the financial information referred to above.

Amounts in the pro forma consolidated statement of financial position are denominated in Canadian dollars.

2. DESCRIPTION OF THE TRANSACTION

a) The Transaction

Germinate will acquire all of the issued and outstanding securities of BEACN in exchange for securities of Germinate (the “Transaction”). The Transaction is subject to, among other things, receipt of regulatory approvals, including approval of the TSX Venture Exchange (“TSXV”), and additional conditions, as described in the governing agreement between the parties. The Transaction, including activities leading up to and upon completion of the Transaction, is described as follows:

- i. Germinate will issue 32,151,003 common shares to BEACN at closing of the Transaction.
- ii. As a condition of the Transaction, Germinate will raise \$2 million in a concurrent financing at \$0.30 (see note 4(a)).

b) Accounting for the Transaction

The Transaction is being accounted for as a capital transaction in which BEACN is being identified as the acquirer of Germinate and equity consideration is being measured at fair value. The Transaction does not constitute a business combination under IFRS 3. The Transaction is accounted for in the financial statements of the resulting issuer as a continuation of the financial statements of BEACN, subject to a deemed issuance of shares and re-capitalization of the resulting issuer’s equity. The acquisition of Germinate is accounted for as 4,800,000 common shares deemed issued at \$0.30 per share to acquire the net identifiable assets of Germinate. This \$1,440,000 equity consideration is allocated to Germinate’s net identifiable assets and liabilities with the residual accounted for as listing expense. See note 4(b).

Germinate Capital Ltd.

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Unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted) May 31, 2021

3. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro-forma statement of financial position has been compiled using the significant accounting policies, as set out in the audited financial statements of BEACN as at December 31, 2020. Management has determined that no material pro forma adjustments are necessary to conform the Company's accounting policies to the accounting policies used by BEACN in the preparation of its financial statements.

As such, the unaudited pro-forma consolidated statement of financial position should be read in conjunction with BEACN's June 30, 2021 unaudited financial statements, together with Germinate's unaudited financial statements as at May 31, 2021.

4. PRO-FORMA ADJUSTMENTS

The pro-forma consolidated statement of financial position was prepared based on the following assumptions:

a) Financing and Notes

On September 23, 2021, Germinate closed a non-brokered private placement of \$1,500,000 at a price of \$0.30 per subscription receipt (the "Financing"). Each subscription receipt will be converted into a unit (the "Unit") upon the completion of the Transaction. Each Unit will consist of one common share of the Company and one-half of one warrant. Each whole warrant will entitle the holder to purchase one common share of the Company at \$0.60 per share for a period of 24 months.

In connection with the Financing, Germinate issued 77,475 finder's warrants with each finder's warrant entitling the holder to purchase one common share at a price of \$0.30 for a period of 24 months. A fair value of \$4,106 has been assigned to the finder's warrants.

The fair value of the finder's warrants assumes an exercise price of \$0.30, a life of 2 years, annualized volatility of 31.01% and a risk-free rate of return of 0.31%.

In connection with the Transaction, the Company also paid \$23,243 finder's fee in cash. The Company expects to incur an additional \$300,000 in Transaction costs related to audit, accounting, legal and regulatory services beyond those costs incurred to May 31, 2021.

On September 14, 2021, Germinate arranged a \$500,000 convertible note ("Notes") which was issued by BEACN so that the funds were available to BEACN immediately. These Notes are convertible, at the option of the holder, into the Units of Germinate under the same terms as the Financing until March 14, 2023. Should the Transaction not close for any reason before March 14, 2023, the Notes, at the option of the holder, will be convertible into shares of BEACN at a price equals to BEACN's most recent financing, or be repaid in full. The Notes are subject to an interest rate of 5% per annum and a one-time setup fee of \$1,250. For the purpose of the unaudited pro-forma consolidated statement of financial position, the Company assumes that the Notes will be converted into Units and an interest amount of \$6,250 is paid.

Germinate Capital Ltd.

(to be renamed Beacon Hill Innovation Ltd. or such other name to be approved by the board of Germinate Capital Ltd.)
Unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted) May 31, 2021

4. PRO-FORMA ADJUSTMENTS (Continued)

b) Shares consideration

Pursuant to the share exchange agreement dated September 14, 2021, Germinate will acquire all the issued and outstanding shares of BEACN.

As a result of the Transaction described in note 2 between the Company and BEACN, the former shareholders of BEACN will acquire control of the Company.

The cost of an acquisition should be based on the fair value of consideration given. The consideration of the acquisition is therefore \$1,440,000, calculated as 4,800,000 common shares at \$0.30 per share, and is allocated to acquire the net identifiable assets of Germinate. The total purchase price of \$1,440,000 has been allocated as follows:

Fair value of consideration - purchase price	\$ 1,440,000
Identifiable net assets of Germinate acquired by BEACN	
Cash	289,052
Other current assets	3,671
Liabilities	(49,730)
Total fair value of identifiable net assets acquired by BEACN	242,993
Listing expense	<u>\$ 1,197,007</u>

A listing expense of \$1,197,007 has been included in deficit to reflect the difference between the fair value of the amount paid and the fair value of the net assets received from Germinate.

c) Option grant

Upon the completion of the Transaction, the resulting issuer will grant 3,150,000 options at an exercise price of \$0.30 for a period of five years to its directors, officers, employees and consultants. A fair value of \$267,750 has been assigned to the options based on these assumptions using the Black-Scholes Pricing model: a life of 5 years, annualized volatility of 31.01% and a risk-free rate of return of 0.74%.

The effective consolidated pro forma tax rate is expected to approximate 27%.

Germinate Capital Ltd.

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Unaudited pro form consolidated statement of financial position (in Canadian dollars, unless otherwise noted) May 31, 2021

5. SHARE CAPITAL

	Note	Number of shares	Share capital	Reserves	Deficit	Total
Balance, BEACN prior to reverse acquisition		32,151,003	\$ 2,747,510	\$ -	\$ (1,163,483)	\$ 1,584,027
Shares issued to Germinate shareholders	4(b)	4,800,000	1,440,000	-	-	1,440,000
Listing expense	4(b)	-	-	-	(1,197,007)	(1,197,007)
Shares of Germinate pursuant to the Financing and Notes	4(a)	6,666,667	2,000,000	-	-	2,000,000
Transaction cost and other adjustment	4(a)	-	(27,349)	4,106	(307,500)	(330,743)
Share-based compensation	4(c)	-	-	267,750	(267,750)	-
		<u>43,617,670</u>	<u>\$ 6,160,161</u>	<u>\$ 271,856</u>	<u>\$ (2,935,740)</u>	<u>\$ 3,496,277</u>

EXHIBIT "H"
CERTIFICATE OF BEACON HILL INNOVATIONS LTD.

Dated: October 25, 2021

The foregoing as it relates to Beacon Hill Innovations Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of Beacon Hill Innovations Ltd.

(Signed) "Craig Fraser"

Craig Fraser
Chief Executive Officer

ON BEHALF OF THE BOARD

(Signed) "Daniel Davies"

Daniel Davies
Director

EXHIBIT "1"
CERTIFICATE OF GERMINATE CAPITAL LTD.

Dated: October 25, 2021

The foregoing as it relates to Germinate Capital Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of Germinate Capital Ltd.

(Signed) "Mark Brown"

Mark Brown
Chief Executive Officer

ON BEHALF OF THE BOARD

(Signed) "Sarah Weber"

Sarah Weber
Director

(Signed) "Alexandre Heath"

Alexandre Heath
Director

EXHIBIT "J"
CERTIFICATE OF PROMOTERS

Dated: October 25, 2021

The foregoing as it relates to Germinate Capital Ltd. constitutes full, true and plain disclosure of all material facts relating to the securities of Germinate Capital Ltd.

 (Signed) "Craig Fraser"

Craig Fraser
Promoter

 (Signed) "Daniel Davies"

Daniel Davies
Promoter