

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

GERMINATE CAPITAL LTD.

Contents

	Page
Notice of No Auditor Review of Interim Financial Statements	3
Condensed Interim Statements of Financial Position	4
Condensed Interim Statements of Comprehensive Loss	5
Condensed Interim Statements of Changes in Shareholders' Equity	6
Condensed Interim Statements of Cash Flows	7
Notes to the Condensed Interim Financial Statements	8 - 14

**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	August 31, 2021	November 30, 2020
Assets		(Unaudited)	(Audited)
Current			
Cash and cash equivalents		\$ 504,483	\$ 69,245
Receivables		5,029	775
Prepaid expense		-	15,000
		509,512	85,020
		\$ 509,512	\$ 85,020
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 20,462	\$ 2,490
Due to related parties	8	12,075	525
		32,537	3,015
Shareholders' equity			
Share capital	6(b), 7	281,534	100,000
Shares subscribed	6(c)	262,550	-
Reserves		22,516	-
Deficit		(89,625)	(17,995)
		476,975	82,005
		\$ 509,512	\$ 85,020

Events after the reporting period (Note 9)

These condensed interim financial statements are approved by the Board on October 26, 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 August 31, 2021	Nine months ended August 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020
		(Unaudited)	(Unaudited)	(Audited)
General and administrative				
Accounting and audit fees	8	\$ 8,000	\$ 24,415	\$ -
Bank charges		15	55	5
Legal fees		20,553	26,426	2,490
Listing fees		-	5,588	-
Professional fees		-	-	15,000
Rent		-	-	500
Share-based payments	6(c)	-	15,146	-
Loss from operations		28,568	71,630	17,995
Net loss and comprehensive loss for the period		\$ 28,568	\$ 71,630	\$ 17,995
Basic and diluted loss per share		\$ 0.01	\$ 0.02	\$ 0.04
Weighted average number of common shares outstanding		4,800,000	3,389,781	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	Shares subscribed	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	7	-	(83,466)	-	-	7,370	-	(76,096)
Share subscription	6(c)	-	-	262,550	-	-	-	262,550
Share-based payments	6(d)	-	-	-	15,146	-	-	15,146
Loss for the period		-	-	-	-	-	(71,630)	(71,630)
Balance, August 31, 2021 (Unaudited)		4,800,000	\$ 281,534	\$ 262,550	\$ 15,146	\$ 7,370	\$ (89,625)	\$ 476,975

See the notes to the condensed interim financial statements

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

	Note	Nine months ended August 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020
Cash provided by (used in):		(Unaudited)	(Audited)
Operating activities			
Loss for the period	\$	(71,630)	\$ (17,995)
Items not affecting cash:			
Share-based payments		15,146	-
Changes in non-cash working capital items:			
Receivables		(4,254)	(775)
Prepaid expense		15,000	(15,000)
Accounts payable and accrued liabilities		17,972	(8,535)
Due to related parties		11,550	11,550
Net cash used in operating activities		(16,216)	(30,755)
Financing activities			
Proceeds from issuance of common shares	6(b), 7	265,000	100,000
Share subscription received		262,550	-
Share issuance costs		(76,096)	-
Net cash provided by financing activities		451,454	100,000
Change in cash and cash equivalents		435,238	69,245
Cash and cash equivalents, beginning of the period		69,245	-
Cash and cash equivalents, end of the period	\$	504,483	\$ 69,245
Supplemental disclosure with respect to cash flows:			
Fair value of finders' warrants issued on Initial Public Offering		\$ 7,370	\$ -

See the notes to the condensed interim financial statements

GERMINATE CAPITAL LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 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.

The Company completed its initial public offering on April 20, 2021 (Note 7) and began trading on the Exchange on April 22, 2021 under the trading symbol “GCAP.P”.

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) and the trading of its common shares on the Exchange was halted.

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 NINE MONTHS ENDED AUGUST 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 nine-month period ended August 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 August 31, 2021, the Company had a cash balance of \$504,483 to settle current liabilities of \$32,537.

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 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 NINE MONTHS ENDED AUGUST 31, 2021
(Presented in Canadian Dollars; Unaudited)

6. SHARE CAPITAL

(a) Authorized:

At August 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) Shares subscribed:

As of August 31, 2021, the Company received \$262,550 with respect to the private placement that was completed subsequently (Note 9).

(d) 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	August 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 August 31, 2021, the weighted average remaining life of the outstanding and exercisable options is 9.64 years (November 30, 2020 – Nil).

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

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

6. SHARE CAPITAL, (cont'd)

(d) Stock options: (cont'd)

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

(e) Finders' Warrants:

Expiry date	Exercise price	November 30, 2020	Issued	Exercised	Expired	August 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 August 31, 2021, the weighted average remaining life of the outstanding warrants is 4.64 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 were 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, are used by the Company to identify and evaluate assets or businesses for acquisition with a view to completing a QT under the Exchange's Capital Pool Company program.

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

FOR THE NINE MONTHS ENDED AUGUST 31, 2021

(Presented in Canadian Dollars; Unaudited)

7. INITIAL PUBLIC OFFERING, (Cont'd)

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. The value of the Agent's Warrants was determined to be \$7,370 and was calculated using the Black-Scholes option pricing model. 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 also incurred another \$19,250 share issue costs.

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 nine months ended August 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

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

FOR THE NINE MONTHS ENDED AUGUST 31, 2021

(Presented in Canadian Dollars; Unaudited)

8. RELATED PARTY TRANSACTIONS, (Cont'd)

Related party transactions and balances:

Amounts due to:	Service	Nine months ended August 31, 2021	For the Period from Incorporation on August 14, 2020 to November 30, 2020	Balance due	
				As at August 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	\$ 19,415	\$ 500	\$ 12,075	\$ 525
TOTAL:		\$ 19,415	\$ 500	\$ 12,075	\$ 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.

9. EVENTS AFTER THE REPORTING PERIOD

On September 17, 2021, the Company entered into a definitive share exchange agreement dated September 14, 2021 (the "Definitive Agreement"), with Beacon Hill Innovations Ltd. ("Target" or "BEACN") and the shareholders of Target, pursuant to which Germinate will acquire all of the issued and outstanding securities of Target (the "Transaction"). BEACN was incorporated under the Business Corporations Act (British Columbia) on February 7, 2020 and is a streaming and gaming technology products company based in Victoria, B.C.

The terms of the QT are as follows:

- Germinate will acquire all of the issued and outstanding common shares of Target (the "Target Shares") through the issuance of 32,151,003 common shares in the capital of the Company (the "Shares"), pursuant to which Target will become a wholly-owned subsidiary of Germinate. Germinate will be renamed as "BEACN Wizardry & Magic Inc." (the "Resulting Issuer") upon completion of the Transaction and the new trading symbol will be "BECN".
- Germinate proposes to raise \$2 million through a Private Placement and a Note (together known as the Concurrent Offering) (all terms as defined herein). Upon completion of the Transaction and the closing of the Concurrent Offering, the Resulting Issuer will have approximately 43,617,670 Shares issued and outstanding.

On September 23, 2021, the Company completed a non-brokered private placement of subscription receipts (the "Subscription Receipts") of the Company at a price of \$0.30 per Subscription Receipt for gross proceeds of \$1,500,000 (the "Private Placement"), with each Subscription Receipt automatically convertible for no additional consideration into one unit of the Company (a "Unit") upon satisfaction of the Escrow Release Conditions (as defined below).

Each Unit will be comprised of one Share and one-half of one Share purchase warrant (each full warrant, a "Warrant"). Each Warrant will be exercisable to acquire one Share at a price of \$0.60 per Share for a period of two years from the date of issuance.

The Escrow Release Conditions consist of (i) all conditions to the Exchange's conditional approval of the Transaction having been satisfied or waived; (ii) all conditions to the Exchange's conditional approval for the listing of the Shares to be issued pursuant to the Concurrent Offering and the Shares underlying the Warrants having been satisfied or waived; and (iii) the closing of the transactions contemplated by the Definitive Agreement.

GERMINATE CAPITAL LTD.

NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED AUGUST 31, 2021

(Presented in Canadian Dollars; Unaudited)

9. EVENTS AFTER THE REPORTING PERIOD, (Cont'd)

Germinate expects to pay to certain arm's length finders an aggregate cash finder's fee in connection with the Private Placement of \$23,243 and issue 77,475 non-transferrable warrants ("Finder Warrants") upon the closing of the Transaction. Each Finder Warrant will entitle the holder to acquire one Share at a price of \$0.30 for a period of two years from the date of issuance.

The Private Placement is subject to final acceptance by the Exchange. All securities issued pursuant to the Private Placement, including securities underlying the Subscription Receipts and Finder Warrants, will be subject to a four month hold period from the date of issuance.

On September 14, 2021, Germinate arranged a \$500,000 convertible note (the "Note", together with the Private Placement, the "Concurrent Offering") which was issued by BEACN so that the funds were available to BEACN immediately. Upon closing of the Transaction, the Note will be convertible into the Units of Germinate under the same terms as the Private Placement for a term of 18 months (the "Maturity Date"). Should the Transaction not close for any reason before the Maturity Date, the Notes will be convertible into Target Shares at a price equal to BEACN's most recent financing at the time of such conversion, or be repaid in full.

On October 8, 2021, the Company received the conditional approval of the Transaction and the Concurrent Offering by the Exchange. On October 25, 2021, the Company filed the filing statement with the Exchange. Assuming that all conditions for closing are satisfied, the Company expects to close the Transaction on or about October 29, 2021. In connection of the Transaction, the Company will change its name to BEACN Wizardry & Magic Inc. and the trading symbol will change to BECN, both subject to the approval of the Exchange.