

BMGB Capital Corp. Provides Update Respecting Proposed Qualifying Transaction with NAVCO Pharmaceuticals Limited

Vancouver, British Columbia--(Newsfile Corp. - October 29, 2020) - **BMGB Capital Corp. (TSXV: BMGB.P)** ("BMGB" or the "Company") is pleased to announce that it has entered into an amended and restated binding letter of intent (the "LOI") dated October 28, 2020, respecting the proposed acquisition by BMGB of NAVCO Pharmaceuticals Limited ("NAVCO") (the "Transaction"). The LOI amends and restates the binding letter of intent respecting the Transaction that was previously entered into by the parties (see BMGB's news release dated April 30, 2020). Under the LOI, BMGB and NAVCO will continue to act in good faith to draft, negotiate and execute a definitive share exchange agreement or other similar form of agreement (the "Definitive Agreement") respecting the Transaction, which will supersede the LOI. The Transaction is intended to qualify as BMGB's "Qualifying Transaction" as defined by Policy 2.4 of the TSX Venture Exchange (the "Exchange").

Trading of the common shares of BMGB will remain halted in connection with the dissemination of this news release and will recommence at such time as the Exchange may determine, having regard to the completion of certain requirements pursuant to Exchange Policy 2.4. Further details of the proposed Transaction will follow in future news releases.

The Transaction

Pursuant to the LOI, the Transaction is expected to proceed by way of share exchange agreement under which BMGB will issue an aggregate of 21,340,000 BMGB common shares pro rata to the NAVCO shareholders at deemed price of \$0.25 per share, representing an aggregate valuation for NAVCO under the Transaction of \$5,335,000. The Transaction is subject to completion of certain conditions precedent, including without limitation: execution of the Definitive Agreement; the preparation and filing of a Filing Statement with the Exchange; completion by BMGB of a private placement (the "Private Placement") for gross proceeds of no less than \$1,500,000; completion of satisfactory mutual due diligence; receipt of required shareholder approvals; and receipt of all necessary regulatory and Exchange approvals. The LOI also contemplates BMGB issuing 340,000 BMGB common shares as a finder's fee to an arm's length third party.

Under the Private Placement, BMGB will raise gross proceeds of no less than \$1,500,000 through the issuance of common shares, anticipated to be at a price of \$0.25 for share. The Private Placement may also include the issuance of share purchase warrants, if agreed to in writing by the parties. The Company will provide further information respecting the Private Placement in due course.

In conjunction with the closing of the Transaction, the resulting issuer (the "Resulting Issuer") will change its name to a name mutually determined by BMGB and NAVCO, acting reasonably. On closing of the Transaction, and assuming that BMGB raises \$1,500,000 under the Private Placement at a price of \$0.25 per share, the Resulting Issuer will have 32,180,000 common shares issued and outstanding. The current shareholders of BMGB would hold approximately 13.98% of the shares of the Resulting Issuer, participants in the Private Placement would hold approximately 18.65% of the shares of the Resulting Issuer, the NAVCO shareholders would hold approximately 66.31% of the shares of the Resulting Issuer, and the arm's length finder would hold approximately 1.06% of the shares of the Resulting Issuer. The board of directors and management of the Resulting Issuer will be those persons mutually determined by BMGB and NAVCO, acting reasonably.

The Transaction will not constitute a "Non-Arm's Length Qualifying Transaction" (as such term is defined by the Exchange). In addition, the Transaction is not a "related party transaction" as such term is defined by Multilateral Instrument 61-101 - *Protection of Minority Security Holders in Special Transactions* and

is not subject to Policy 5.9 of the Exchange. As a result, no meeting of the shareholders of BMGB is required pursuant to Policy 2.4 of the Exchange or applicable securities laws.

Sponsorship of a Qualifying Transaction of a capital pool company is required by the Exchange unless exempt in accordance with Exchange policies or unless a waiver is granted by the Exchange. BMGB intends to apply for an exemption from the sponsorship requirements under section 3.4 of Exchange Policy 2.2 or a waiver of sponsorship if an exemption from sponsorship is unavailable; however, there can be no guarantee that a waiver will be granted if no exemption is available.

About BMGB

BMGB is a capital pool company in accordance with Exchange Policy 2.4 and its principal business is the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction.

For additional information, please refer to the Company's disclosure record on SEDAR (www.sedar.com) or contact the Company as follows: Lucas Birdsall, CEO, at (778) 549-6714 or lucasbirdsall@gmail.com.

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Completion of the transaction is subject to a number of conditions, including but not limited to, Exchange acceptance and if applicable pursuant to Exchange Requirements, majority of the minority shareholder approval. Where applicable, the transaction cannot close until the required shareholder approval is obtained. There can be no assurance that the transaction will be completed as proposed or at all.

Investors are cautioned that, except as disclosed in the management information circular or filing statement to be prepared in connection with the transaction, any information released or received with respect to the transaction may not be accurate or complete and should not be relied upon. Trading in the securities of a capital pool company should be considered highly speculative.

The TSX Venture Exchange Inc. has in no way passed upon the merits of the proposed transaction and has neither approved nor disapproved the contents of this press release.

Certain statements contained in this press release constitute "forward-looking information" as such term is defined in applicable Canadian securities legislation. The words "may", "would", "could", "should", "potential", "will", "seek", "intend", "plan", "anticipate", "believe", "estimate", "expect" and similar expressions as they relate to BMGB and NAVCO, including, the completion of the Private Placement and the Qualifying Transaction, are intended to identify forward-looking information. All statements other than statements of historical fact may be forward-looking information. Such statements reflect the companies' current views and intentions with respect to future events, and current information available to them, and are subject to certain risks, uncertainties and assumptions, including, without limitation: the results of the business of NAVCO; the estimation of capital requirements; the estimation of labour and operating costs; the timing and amount of future business expenditures; and the availability of necessary financing. Many factors could cause the actual results, performance or achievements that may be expressed or implied by such forward-looking information to vary from those described herein should one or more of these risks or uncertainties materialize. Such factors include but are not limited to: changes in economic conditions or financial markets; increases in costs; litigation; legislative, environmental and other judicial, regulatory, political and competitive developments; and technological or operational difficulties. This list is not exhaustive of the factors that may affect forward-looking information. These and other factors should be considered carefully, and readers should not place undue reliance on such forward-looking information. Should any factor affect the companies in an unexpected manner, or should assumptions underlying the

forward-looking information prove incorrect, the actual results or events may differ materially from the results or events predicted. Any such forward-looking information is expressly qualified in its entirety by this cautionary statement. Moreover, the companies do not assume responsibility for the accuracy or completeness of such forward-looking information. The forward-looking information included in this press release is made as of the date of this press release and the companies undertake no obligation to publicly update or revise any forward-looking information, other than as required by applicable law.

This news release does not constitute an offer to sell or a solicitation of an offer to buy any of the securities described in this news release in the United States. Such securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act"), or any state securities laws, and, accordingly, may not be offered or sold within the United States, or to or for the account or benefit of persons in the United States or "U.S. Persons", as such term is defined in Regulation S promulgated under the U.S. Securities Act, unless registered under the U.S. Securities Act and applicable state securities laws or pursuant to an exemption from such registration requirements.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this news release.

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