

**PRIVATE AND CONFIDENTIAL**

October 28, 2020

NAVCO Pharmaceuticals Limited  
Unit 1 - 5205 Harvester Road  
Burlington, Ontario  
L7L 6B5

**Attention: Marek Jasinski, CEO**

Dear Sirs:

**Re: Proposed Qualifying Transaction**

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This binding letter of intent (“**Letter of Intent**”) amends and restates a letter of intent dated April 28, 2020 between the parties and describes the basis upon which BMGB Capital Corp. (“**BMGB**”) and NAVCO Pharmaceuticals Limited (“**NAVCO**”) are prepared to complete a business combination by way of a share exchange agreement or other similar form of transaction the exact form of which to be determined by the parties having regard to tax and financial considerations (the “**Proposed Transaction**”).

The Proposed Transaction is intended to constitute a qualifying transaction for BMGB pursuant to the policies of the TSX Venture Exchange (the “**TSXV**”). BMGB is a capital pool company (“**CPC**”) in good standing as a reporting and listed issuer and is qualified to enter into the Proposed Transaction and is not aware of any reason why it cannot effect the Proposed Transaction.

**ARTICLE 1**

**THE PROPOSED TRANSACTION**

**Section 1.1 Binding Provisions.**

The provisions set out in this ARTICLE 1 are intended to outline the principal terms and conditions upon which the parties wish to complete the Proposed Transaction and will be legally binding and enforceable upon execution of this Letter of Intent by the parties, subject only to the conditions precedent contained in Section 1.4 being satisfied.

**Section 1.2 Definitive Agreement.**

Detailed terms between the parties relating to the Proposed Transaction will be contained in a definitive written agreement to be negotiated among, and satisfactory to, the parties and (as applicable) their respective counsel (the “**Definitive Agreement**”), which Definitive Agreement shall supersede and replace this Letter of Intent. The parties hereto acknowledge and agree that if, in connection with finalizing the Definitive Agreement, a particular legal structure is determined by one or both parties hereto to be beneficial or advisable for the purpose of addressing any liability, corporate or tax concerns of the parties, the parties shall, at such time, consider in good faith available alternatives that would best address such issues. The Definitive Agreement will contemplate a closing date sometime after the date on which the Definitive Agreement is executed and after the conditions in the Definitive Agreement have been satisfied.

### Section 1.3 Principal Terms of Proposed Transaction.

The principal terms of the Proposed Transaction include:

- (a) on closing (“**Closing**”) of the Proposed Transaction, BMGB (which, following Closing, will be the “**Resulting Issuer**”, which shall have a name agreed to by the parties in writing, acting reasonably) shall, subject to adjustment as contemplated herein, issue an aggregate of 21,340,000 BMGB common shares (the “**Vend-In Shares**”) pro rata to the NAVCO shareholders at deemed price of \$0.25 per share, representing an aggregate valuation for NAVCO under the Proposed Transaction of \$5,335,000 in accordance with the pro forma capitalization table attached as Schedule A hereto;
- (b) prior to closing the Proposed Transaction, BMGB will conduct an equity financing (the “**Private Placement**”) having gross proceeds of no less than \$1,500,000, anticipated to be at a share price of \$0.25 per share (for greater certainty, the Private Placement may include share purchase warrants as well as shares, if agreed to in writing by the parties), subject to any adjustments mutually agreed in writing between the parties;
- (c) the board of directors and management of the Resulting Issuer shall be those persons mutually determined by the parties, acting reasonably;
- (d) the parties acknowledge and agree that BMGB has provided to NAVCO an unsecured loan in the amount of \$25,000, which: shall bear interest at 6% per annum, compounded monthly; is required by NAVCO to preserve its assets; and shall be repayable on or before the earlier of: (i) December 31, 2020; and (ii) the date which is 30 days after the date on which this Letter of Intent is terminated pursuant to any of subsections 3.3(a) to (g); and
- (e) the parties acknowledge and agree that they have entered into loan agreement (the “**Loan Agreement**”) and general security agreement (the “**GSA**”) under which BMGB has made a secured loan to NAVCO under the following terms:
  - (i) BMGB has provided a “line of credit” loan for up to additional \$75,000 (the “**Secured Loan**”), which Secured Loan may be drawn by NAVCO for purposes agreed to in writing by BMGB, not to be unreasonably withheld at any time and from time to time;
  - (ii) the Secured Loan is secured against all of the present and after acquired property of NAVCO pursuant to the GSA;
  - (iii) any amounts drawn under the Secured Loan shall bear interest at 6% per annum, compounded monthly;
  - (iv) any amounts drawn under the Secured Loan, and any interest payable thereon, shall be repayable on or before the earlier of: (i) December 31, 2020; and (ii) the date which is 30 days after the date on which this Letter of Intent is terminated pursuant to any of subsections 3.3(a) to (g); and
  - (v) the Secured Loan, the Loan Agreement and the GSA will be subject to the policies of the TSXV and, if and as required, to the approval of the TSXV.

#### **Section 1.4 Conditions of Closing.**

The implementation of this Letter of Intent and the completion of the Proposed Transaction shall be subject to the various conditions precedent being satisfied prior to the date of Closing (the “**Closing Date**”), including, among others:

- (a) Conditions precedent for the benefit of BMGB:
  - (i) each of the shareholders of NAVCO shall execute and deliver the Definitive Agreement which shall contain, among other things, the terms and conditions set forth herein and the warranties, representations, covenants, agreements, terms and conditions customarily found in such agreements and acceptable to BMGB and its counsel;
  - (ii) receipt of all required approvals and consents for the Proposed Transaction, the Definitive Agreement and all related matters, including without limitation:
    - (A) approval of all of the shareholders of NAVCO;
    - (B) if and as required, approval of the shareholders of BMGB; and
    - (C) the approval of the TSXV;
  - (iii) BMGB shall have completed the Private Placement for gross proceeds of at least \$1,500,000 at a minimum of \$0.25 per share;
  - (iv) no material adverse change shall have occurred in the business, results of operations, assets, financial condition or affairs of NAVCO, financial or otherwise, between the date of signing this Letter of Intent and the completion of the Proposed Transaction;
  - (v) satisfactory completion of due diligence by BMGB, its counsel or other representatives on the business, assets, financial condition, and corporate records of NAVCO, such due diligence to be completed within 45 days of the date of this Letter of Intent, provided that BMGB has been provided with all relevant information from NAVCO within a reasonable time;
  - (vi) there being no debts or amounts owing to NAVCO by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom they do not deal at arm’s length, except as disclosed in writing to BMGB;
  - (vii) there being no debts or amounts owing by NAVCO to any of their officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom they do not deal at arm’s length, except for any accrued salaries or amounts for expenses incurred by such person on its behalf in the ordinary course and as disclosed in writing to BMGB;
  - (viii) there being no legal proceeding or regulatory actions or proceedings against NAVCO at the Closing Date which may, if determined against it, have a material adverse effect on it;
  - (ix) there being no prohibition at law against the consummation of the Proposed Transaction;

- (x) no inquiry or investigation (whether formal or informal) in relation to NAVCO or its directors or officers, shall have been commenced or threatened by the TSXV, any relevant securities commission or similar regulatory body having jurisdiction, such that the outcome of such inquiry or investigation could have a material adverse effect on BMGB after giving effect to the Proposed Transaction;
  - (xi) NAVCO shall be in compliance in all material respects with the terms of this Letter of Intent, the Loan Agreement, the GSA and the Definitive Agreement; and
  - (xii) there shall be no material breach of the covenants of NAVCO contained herein or in the Definitive Agreement, the Loan Agreement or the GSA.
- (b) Conditions precedent for the benefit of NAVCO:
- (i) BMGB shall execute and deliver the Definitive Agreement which shall contain, among other things, the terms and conditions set forth herein and the warranties, representations, covenants, agreements, terms and conditions customarily found in such agreements and acceptable to NAVCO and its counsel;
  - (ii) receipt of all required approvals and consents to both the Proposed Transaction and all related matters, including without limitation:
    - (A) approval of all of the shareholders of NAVCO; and
    - (B) the approval of the TSXV;
  - (iii) BMGB shall have completed the Private Placement for gross proceeds of at least \$1,500,000 at a minimum of \$0.25 per share;
  - (iv) the Vend-In Shares shall be issued as fully paid and non-assessable common shares in the capital of BMGB, and the Vend-In Shares shall be issued free and clear of any and all encumbrances, liens, charges, demands of whatsoever nature, except those imposed pursuant to statutory “hold periods” and escrow restrictions of the TSXV;
  - (v) no material adverse change shall have occurred in the business, results of operations, assets, liabilities, financial condition or affairs of BMGB, financial or otherwise, between the date of signing this Letter of Intent and the completion of the Proposed Transaction;
  - (vi) satisfactory completion of due diligence by NAVCO, its counsel or other representatives on the business, assets, financial condition, and corporate records of BMGB, such due diligence to be completed within 45 days of the date of this Letter of Intent, provided that NAVCO has been provided with all relevant information from BMGB within a reasonable time;
  - (vii) there being no debts or amounts owing to BMGB by any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family member thereof, or any person with whom BMGB does not deal at arm’s length, except as disclosed in BMGB’s public disclosure record or in writing to NAVCO;
  - (viii) there being no debts or amounts owing by BMGB to any of its officers, former officers, directors, former directors, shareholders, employees or former employees or any family

member thereof, or any person with whom BMGB does not deal at arm's length, except for any accrued salaries, rents, management fees or amounts for expenses incurred by such person on behalf of BMGB in the ordinary course or as otherwise disclosed in BMGB's public disclosure record or to NAVCO in writing;

- (ix) there being no legal proceeding, environmental actions, remediations or regulatory actions or proceedings against BMGB at the Closing Date which may, if determined against the interest of BMGB, have a material adverse effect on BMGB;
- (x) there being no prohibition at law against consummation of the Proposed Transaction;
- (xi) no inquiry or investigation (whether formal or informal) in relation to BMGB or its directors or officers, shall have been commenced or threatened by any officer or official of the TSXV or any securities commission, or similar regulatory body having jurisdiction such that the outcome of such inquiry or investigation could have a material adverse effect on BMGB; and
- (xii) BMGB shall be in compliance in all material respects with the terms of this Letter of Intent, the Definitive Agreement, the Loan Agreement and the GSA.

#### **Section 1.5 Conditions of Closing and Right of Waiver.**

The conditions precedent set out in Section 1.4(a) are inserted for the sole benefit of BMGB and the conditions precedent set out in Section 1.4(b) are inserted for the sole benefit of NAVCO. Either of the parties may refuse to proceed with the Closing if any condition precedent inserted for its benefit is not fulfilled to its reasonable satisfaction prior to the Closing Date (or any applicable earlier date) and, except as otherwise agreed in this Letter of Intent, it shall incur no liability to any other party by reason of such refusal. The said conditions precedent, where not otherwise required by law or the TSXV, may be waived in whole or in part by the party for whose benefit they are inserted in that party's absolute discretion. No such waiver shall be of any effect unless it is in writing signed by the party granting the waiver.

#### **Section 1.6 Access to Information.**

In connection with the due diligence investigation to be undertaken by each of the parties in respect of the Proposed Transaction, each party will allow the other and its respective authorized representatives, including legal counsel and consultants, access to all information, books or records and its personnel as may be reasonably requested. Each party shall also cause its directors, employees, accountants and other agents and representatives to cooperate fully with the other party and its representatives in connection with the said due diligence investigation. Each party will be under no obligation to continue with its due diligence investigation or negotiations regarding a Definitive Agreement if, at any time, the results of its due diligence investigation are not satisfactory to such party for any reason in its sole discretion and such party agrees to provide prompt notification of termination of this Letter of Intent pursuant to Section 3.3(b) or Section 3.3(c), as applicable.

#### **Section 1.7 Escrow.**

The parties acknowledge that a portion of the Vend-In Shares to be issued as part of the Proposed Transaction may be subject to escrow or resale restrictions that will be imposed by the policies of the TSXV or applicable securities law. The parties further acknowledge that in such event these escrowed Vend-In Shares shall be held in escrow and released over time, or imprinted with legends restricting their resale, as determined by the TSXV. The parties agree that the terms of the escrow shall be negotiated by counsel for

BMGB, in consultation with counsel for NAVCO and the TSXV, and the parties hereto agree to accept such terms imposed by the TSXV provided such escrow is in compliance with the published policies of the TSXV.

**Section 1.8 Conduct of Business.**

- (a) From the date of the acceptance of this Letter of Intent until the earlier of the completion of the transactions contemplated herein or the Termination Date (as defined herein), BMGB and NAVCO will each operate its business in a prudent and business-like manner in the ordinary course, in a manner consistent with past practice and in compliance with Section 1.8(b) or Section 1.8(c), as applicable.
- (b) BMGB hereby agrees from the date hereof until the Termination Date:
  - (i) not to issue any debt or equity or other securities other than in respect of the Private Placement or the exercise of BMGB convertible securities currently issued and outstanding, without the prior written consent of NAVCO, such consent not to be unreasonably withheld;
  - (ii) not to borrow any money or incur any indebtedness (except for trade payables and legal/accounting fees incurred in the ordinary course);
  - (iii) not to declare or pay any dividends or distribute any of BMGB's properties or assets to shareholders;
  - (iv) not to enter into any transaction or material contract, except as reasonably necessary to give effect to the matters contemplated herein, without the prior written consent of NAVCO, such consent not to be unreasonably withheld;
  - (v) not to alter or amend BMGB's articles or notice of articles in any manner which may adversely affect the success of the Proposed Transaction, except as required to give effect to the matters contemplated herein; and
  - (vi) to use its commercial best efforts to obtain any third parties approvals required in respect of the Proposed Transaction.
- (c) NAVCO hereby agrees from the date hereof until the Termination Date:
  - (i) to use its commercial best efforts to cause each of the NAVCO shareholders to vote their shares in favour of and otherwise approve the Proposed Transaction, including without limitation to execute and deliver the Definitive Agreement;
  - (ii) to pay all general working capital expenses in accordance with ordinary, normal course expenditures until the earlier of the Closing Date or the Termination Date;
  - (iii) not to borrow any money or incur any indebtedness (except for trade payables incurred in the ordinary course), except pursuant to this Letter of Intent or the Loan Agreement or with the written consent of BMGB, such consent not to be unreasonably withheld;
  - (iv) not to issue any debt or equity or other securities, without the prior written consent of BMGB, such consent not to be unreasonably withheld;

- (v) not to make loans, advances or other similar payments to any party, excluding routine advances to employees for expenses incurred in the ordinary course or as is agreed to by BMGB in writing, such consent not to be unreasonably withheld;
- (vi) not to declare or pay any dividends or distribute any of its properties or assets to shareholders;
- (vii) not to enter into any transaction or material contract, except as reasonably necessary to give effect to the matters contemplated herein or with the written consent of BMGB, such consent not to be unreasonably withheld;
- (viii) not to alter or amend its articles or by-laws in any manner which may adversely affect the success of the Proposed Transaction, except as contemplated by this Letter of Intent or as is agreed to by BMGB in writing or as required to give effect to the matters contemplated herein; and
- (ix) to use its commercial best efforts to obtain any third parties approvals required in respect of the Proposed Transaction.

## **ARTICLE 2 SURVIVING BINDING PROVISIONS**

### **Section 2.1 Survival of Provisions.**

In recognition of the costs to be borne by each of the parties in pursuing the Proposed Transaction and in further consideration of their respective undertakings as to the matters described in this Letter of Intent, the provisions set out in this ARTICLE 2 will be legally binding and enforceable upon execution of this Letter of Intent by the parties and will survive in the event that this Letter of Intent is terminated (the “**Surviving Binding Provisions**”).

### **Section 2.2 Confidentiality and Publicity.**

Each party agrees that all data, information, reports concerning the other exchanged in connection with the Proposed Transaction (the “**Confidential Information**”) will be deemed confidential and will not be publicly disclosed or used by any party other than for the activities contemplated hereunder, except as required by law or by the rules and regulations of any regulatory authority having jurisdiction including the TSXV, without the written consent of the other party, such consent not to be unreasonably withheld.

Consent to disclosure of Confidential Information will not be required where a party wishes to disclose the Confidential Information to its affiliates, shareholders, auditors, lawyers, or advisors, provided that such persons are informed of such Confidential Information’s confidential nature and agree to be bound by the obligations not to disclose same contained herein.

Any Confidential Information that becomes of public domain through an act or omission that is not in violation of the terms hereof, will no longer be deemed Confidential Information.

No disclosure or announcement, public or otherwise, in respect of this Letter of Intent or the transactions contemplated herein or therein will be made by any party without the prior agreement of the other party as to timing, content and method, hereto, provided that the obligations herein will not prevent any party from making, after consultation with the other party, such disclosure as its counsel advises is required by

applicable law or the rules and policies of the TSXV or any securities regulatory authority having jurisdiction over it.

### **Section 2.3 Responsibility for Fees, Debts and Costs.**

The parties shall each be responsible for their own costs, including legal, accounting and other professional fees incurred in connection with this Letter of Intent, the negotiation, preparation and execution of the Definitive Agreement, the Loan Agreement and the GSA, or any agreements otherwise relating to the Proposed Transaction, provided that notwithstanding the foregoing, subject to and upon closing of the Proposed Transaction, BMGB agrees to pay promptly any outstanding reasonable expenses, invoices or amounts owed or payable by NAVCO in connection with the Proposed Transaction including without limitation any legal and audit expenses.

### **Section 2.4 General.**

- (a) This Letter of Intent may only be amended, supplemented or otherwise modified by written agreement signed by all of the parties.
- (b) This Letter of Intent embodies the entire agreement and understanding of the parties and supersedes and replaces all prior agreements or understanding with respect to the subject matter of this Letter of Intent.
- (c) This Letter of Intent may be executed in any number of counterparts, and all such counterparts taken together will be deemed to constitute one and the same instrument.
- (d) Any notice or other communication required or permitted to be given under this Letter of Intent must be in writing and may be given by personal delivery or by electronic mail at the address of the parties at their respective addresses set forth below:

If to NAVCO: At the address set out on the first page of this Letter of Intent  
Email: [marek@navcopharma.com](mailto:marek@navcopharma.com)

If to BMGB: #600 -1090 West Georgia Street, Vancouver, BC V6E 3V7  
Email: [lucasbirdsall@gmail.com](mailto:lucasbirdsall@gmail.com)

and any such notices given by hand delivery or electronic transmission shall be deemed to have been received on the date of delivery or transmission and if given by prepaid registered mail, shall be deemed to have been received on the second business day immediately following the date of mailing. The parties shall be entitled to give notice of changes of address from time to time in the manner hereinbefore provided for the giving of notice.

- (e) Each provision of this Letter of Intent is intended to be severable, and if any provision is illegal, invalid or unenforceable in any jurisdiction, this will not affect the legality, validity or enforceability of such provision in any other jurisdiction or the validity of the remainder of this Letter of Intent.
- (f) This Letter of Intent will be interpreted and enforced in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein. Each party irrevocably attorns and submits to the exclusive jurisdiction of the British Columbia courts situated in the City of Vancouver and waives objection to the venue of any proceeding in such court or that such court provides an inconvenient forum.

**ARTICLE 3**  
**NON-SURVIVING BINDING PROVISIONS**

**Section 3.1 Non-Surviving Binding Provisions.**

In recognition of the costs to be borne by each of the parties in pursuing the Proposed Transaction and in further consideration of their respective undertakings as to the matters described in this Letter of Intent, the provisions set out in this ARTICLE 3 will be legally binding and enforceable upon execution of this Letter of Intent and will terminate upon termination of this Letter of Intent (the “**Non-Surviving Binding Provisions**”).

**Section 3.2 Non-Solicitation and Exclusivity.**

During the period commencing on the date of this Letter of Intent and continuing until the earlier of (i) the Closing Date, (ii) the Termination Date, and (iii) the Exclusivity Termination Date (as defined below), each party agrees that it will not, directly or indirectly, and will not authorize or permit any representative or agent thereof to, directly or indirectly, (a) solicit, initiate, encourage, engage in or respond to any inquiry or proposal regarding any merger, amalgamation, share exchange, business combination, take-over bid, sale or other disposition of all or substantially all of its assets, any recapitalization, reorganization, liquidation, material sale or issue of treasury securities or rights or interest therein or thereto or rights or options to acquire any material number of treasury securities or any type of similar transaction which would or could, in any case, constitute or result in a *de facto* change of control of either party or the disposition of substantially all of its assets (each an “**Acquisition Proposal**”), other than the Proposed Transaction, (b) encourage or participate in any discussions or negotiations regarding any Acquisition Proposal, (c) agree to, approve or recommend an Acquisition Proposal, or (d) enter into any agreement related to an Acquisition Proposal.

The respective parties’ foregoing non-solicitation covenant and exclusive period shall terminate on the date which is 45 days from the date of execution of this Letter of Intent (the “**Exclusivity Termination Date**”).

**Section 3.3 Termination.**

This Letter of Intent will terminate automatically upon the execution of the Definitive Agreement or on the day (the “**Termination Date**”) on which the earliest of the following events occurs:

- (a) written agreement of the parties to terminate the Letter of Intent;
- (b) BMGB not being reasonably satisfied with its due diligence review of NAVCO within the permitted timeframe and providing written notification of such to NAVCO;
- (c) NAVCO not being reasonably satisfied with its due diligence review of BMGB within the permitted timeframe and providing written notification of such to BMGB;
- (d) any applicable regulatory authority having notified in writing either BMGB or NAVCO that it will not permit the Proposed Transaction to proceed;
- (e) the Definitive Agreement is not entered into on or before the Exclusivity Termination Date;
- (f) delivery of written notice from BMGB to NAVCO of a material breach by NAVCO of any provision of this Letter of Intent; or

- (g) delivery of written notice from NAVCO to BMGB of a material breach by BMGB of any provision of this Letter of Intent,

provided that the termination of this Letter of Intent will not affect the liability of a party for breach of this Letter of Intent prior to termination, nor of the Surviving Binding Provisions thereafter. Upon termination of this Letter of Intent, the parties will have no further obligations under this Letter of Intent, except with respect to the Surviving Binding Provisions which will survive in full force and effect, unamended.

**Section 3.4 Good Faith Negotiations.**

BMGB and NAVCO agree to proceed diligently and in good faith to negotiate and settle the terms of the Definitive Agreement that will provide the basis upon which the parties will effect the Proposed Transaction in compliance with the policies of the TSXV.

*[Remainder of page intentionally left blank.]*

To confirm acceptance of the foregoing, please countersign the enclosed duplicate copy of this Letter of Intent where indicated below and deliver same to the BMGB.

Yours very truly,

**BMGB CAPITAL CORP.**

By: "Lucas Birdsall"  
Authorized Signatory

\* \* \* \* \*

This Letter of Intent reflects accurately the understanding and agreement of the undersigned with respect to the matters set out above.

**NAVCO PHARMACEUTICALS LIMITED**

By: "Chris Cooper"  
Authorized Signatory

**SCHEDULE A**

**PRO FORMA CAP TABLE  
(undiluted)**

<b>Description</b>	<b>Number of Shares</b>	<b>Price or Deemed Price Per Share</b>	<b>Aggregate Value</b>
BMGB issued and outstanding <sup>(1)</sup>	4,500,000	\$0.25	\$1,125,000
Vend-In Shares	21,340,000	\$0.25	\$5,335,000
Private Placement Shares <sup>(2)</sup>	6,000,000	\$0.25	\$1,500,000
Finders Fee Shares	340,000	\$0.25	\$85,000
<b>Total:</b>	<b>32,180,000</b>		<b>\$8,045,000</b>

(1) BMGB also has 250,000 agent's warrants (each exercisable at \$0.10 and expiring November 5, 2020) and 450,000 stock options (each exercisable at \$0.10 and expiring November 5, 2028) issued and outstanding.

(2) The Private Placement may also include the issuance of common share purchase warrants.