

BMGB CAPITAL CORP.

FILING STATEMENT

***IN RESPECT OF THE QUALIFYING TRANSACTION PURSUANT TO POLICY 2.4 OF
THE TSX VENTURE EXCHANGE***

Dated as of November 28, 2022

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Proposed Qualifying Transaction described in this Filing Statement.

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FORWARD LOOKING STATEMENTS

This Filing Statement contains forward-looking statements concerning the future results, future performance, intentions, objectives, plans and expectations of the Corporation and the Resulting Issuer. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “estimates”, “intends”, “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”, or “will” be taken, occur or be achieved. Forward-looking statements include known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Corporation or the Resulting Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward- looking statements. Examples of such statements include: (a) the intention to complete the Proposed Qualifying Transaction; (b) obtaining TSXV approval for listing of the Resulting Issuer Common Shares to be issued; (c) the description of the Resulting Issuer that assumes Completion of the Proposed Qualifying Transaction; (d) the intention to grow the business and operations of the Resulting Issuer; (e) the Resulting Issuer’s expectations regarding its expenses, revenue and profitability; (f) the Resulting Issuer’s anticipated cash needs and its need for additional financing; and (g) the anticipated trends and challenges in the markets in which the Resulting Issuer will operate. Actual results and developments are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements contained in this Filing Statement. Such forward-looking statements are based on a number of assumptions which may prove to be incorrect, including, but not limited to: the ability of the Resulting Issuer to obtain necessary financing; the satisfaction of the conditions under the Share Exchange Agreement; the satisfaction of the requirements of the TSXV with respect to the Proposed Qualifying Transaction; the ability to make future acquisitions; the availability and cost of labour and services; the Resulting Issuer’s anticipated financial performance following Completion of the Proposed Qualifying Transaction; the success of the Resulting Issuer’s operations; stock market volatility and market valuations; the economy generally; competition; and anticipated and unanticipated costs. Forward-looking statements are not guarantees of future performance. These forward-looking statements should not be relied upon as representing the views of the Corporation as of any date subsequent to the date of this Filing Statement. Although the Corporation has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The factors identified above are not intended to represent a complete list of the factors that could affect the Corporation or the Resulting Issuer. Additional factors are noted under the heading “*Part IV - Information Concerning the Resulting Issuer – Risk Factors*”.

Furthermore, the *pro forma* information set forth in this Filing Statement should not be interpreted as indicative of financial position had the Corporation operated as a post-closing entity as at or for the periods presented, and such information does not purport to project the Resulting Issuer’s financial position at any future time. As such, undue reliance should not be placed on such *pro forma* information.

The forward-looking statements contained in this Filing Statement are expressly qualified in their entirety by this cautionary statement and by the risk factors described in this Filing Statement under the heading “*Part IV - Information Concerning the Resulting Issuer – Risk Factors*”. The forward-looking statements included in this Filing Statement are made as of the date of this Filing Statement and the Corporation does not undertake any obligation to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise, except as required by applicable Securities Laws.

GLOSSARY OF TERMS

The following is a glossary of certain terms used in this Filing Statement including the Summary hereof. Terms and abbreviations used in the financial statements attached as appendices to this Filing Statement are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa and words importing any gender include all genders.

“**100THX**” means 100THX Inc., a corporation incorporated under the CBCA;

“**Acquired IP**” means the intellectual property acquired by NAVCO under the IP Assignment Agreement;

“**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:

- (c) a company controlled by that person, or
- (d) 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, means:

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

“**Available Funds**” means the funds that are expected to be available to the Resulting Issuer on Completion of the Proposed Qualifying Transaction, as set out in “*Part IV - Information Concerning the Resulting Issuer - Available Funds and Principal Purposes*”;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

“**BMGB Board**”, “**Board**” or “**Board of Directors**” means the board of directors of BMGB;

“**BMGB Common Shares**”, “**BMGB Shares**” or “**Common Shares**” means the common shares in the capital of the Corporation

prior to giving effect to the Proposed Qualifying Transaction;

“**BMGB Options**” means stock options exercisable for BMGB Shares pursuant to the Stock Option Plan;

“**BMGB Units**” means units of BMGB, each comprised of one BMGB Common Share and one BMGB Warrant, to be issued in the Private Placement;

“**BMGB Warrants**” means BMGB common share purchase warrants included with the BMGB Units, each such whole warrant exercisable for one BMGB Common Share at an exercise price of \$0.25 per share for two years from the date of issuance;

“**BCBA**” means the *Canada Business Corporations Act*, including the regulations promulgated thereunder, as amended;

“**Closing**” means the closing of the acquisition by the Corporation of all of the issued and outstanding NAVCO Shares pursuant to the provisions of the Share Exchange Agreement and the issuance of the Final Exchange Bulletin by the TSXV;

“**Closing Date**” means the date on which the Closing occurs, which is anticipated to be on or before December 31, 2022 or such earlier or later date as the parties may agree;

“**Completion of the Proposed Qualifying Transaction**” means the date the Final Exchange Bulletin is issued by the TSXV;

“**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;

“**Corporation**” or “**BMGB**” means BMGB Capital Corp., a corporation incorporated under the BCBCA;

“**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 Proposed Qualifying Transaction has not yet occurred;

“**CPC Escrow Agreement**” means the TSX Venture Exchange Form 2F-CPC Escrow agreement dated August 22, 2018 among the Corporation, the CPC Escrow Trustee and certain Shareholders of the Corporation relating to the escrow of the CPC Escrow Shares;

“**CPC Escrow Shares**” means the 2,000,000 BMGB Common Shares currently held in escrow under the terms of the CPC Escrow Agreement pursuant to the policies of the TSXV;

“**CPC Escrow Trustee**” means Computershare Investor Services Inc.;

“**CPC Policy**” means Exchange Policy 2.4 Capital Pool Companies of the TSX Venture Exchange Corporate Finance Manual;

“**DMCL**” means Dale Matheson Carr-Hilton LaBonte LLP, Chartered Professional Accountants, the auditor of the Corporation;

“**Escrow Trustee**” means Computershare Investor Services Inc.;

“**Exchange Bulletin**” means a bulletin issued by the TSXV confirming final acceptance of a Qualifying Transaction in accordance with the CPC Policy;

“**Exchange Policy**” means the policies of the TSXV;

“**Filing Statement**” means this filing statement together with all appendices attached hereto and including the summary hereof;

“**Final Exchange Bulletin**” means the Exchange Bulletin issued following Closing and the submission of all required documentation that evidences final TSXV acceptance of the Proposed Qualifying Transaction;

“**Finder**” means Regents Park Securities, Ltd., of London, UK, an arm’s length third party finder to which the Finder’s Shares will be issued on Closing;

“**Finder’s Shares**” means 340,000 BMGB Shares to be issued by BGMB to the Finder as a finder’s fee in conjunction with the Transaction;

“**Finder’s Warrants**” means finder’s warrants that may be issued under the Private Placement, each such finder’s warrant exercisable for on BMGB Share at an exercise price of \$0.15 for two years from the date of issuance;

“**General Security Agreement**” means the general security agreement dated for reference May 6, 2020 between BGMB, as the secured party, and NAVCO, as the debtor, pursuant to which NAVCO has granted BMGB a security interest in all of NAVCO’s present and after acquired personal property as collated under the LOC Loan Agreement;

“**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board;

“**Initial Public Offering**” means the initial public offering of Common Shares by the Corporation that closed on November 5, 2018 pursuant to the final prospectus dated September 28, 2018;

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

- (a) a director or senior officer of the Issuer;
- (b) a director or senior officer of a company that is an Insider or subsidiary of the Issuer;
- (c) 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
- (d) the Issuer itself if it holds any of its own securities;

“**IP Assignment Agreement**” means an intellectual property assignment agreement dated February 28, 2020, as supplemented May 1, 2020, between NAVCO and 100THX, pursuant to which 100THX assigned and transferred the Acquired IP to NAVCO in exchange for 1,170,000 NAVCO Shares;

“**IPO Prospectus**” means a disclosure document required to be prepared in connection with an initial public offering of securities and which complies with the form and content requirements of a prospectus as described in applicable Securities Laws;

“**Issuer**” means a company and its subsidiaries which have any of its securities listed for trading on the TSXV and, as the context requires, any applicant company seeking a listing of its securities on the TSXV;

“**Lease Agreement**” means the lease agreement dated March 20, 2020, between Sandlark Developments Inc., as lessor, and 100THX, as lessee, respecting the premises in Burlington, Ontario;

“**Lease Extension Agreement**” means the lease extension agreement dated February 10, 2021 between NAVCO, 100THX and Sandlark Developments Inc. respecting the premises in Burlington, Ontario;

“**Loan Agreement**” means the loan agreement dated for reference May 6, 2020 between BMGB and NAVCO, as amended, pursuant to which BMGB loaned an aggregate of \$25,000 to NAVCO;

“**LOC Loan Agreement**” means the line of credit loan agreement dated for reference May 6, 2020 between BMGB and NAVCO, as amended, pursuant to which BMGB loaned an aggregate of \$73,500 to NAVCO;

“**Member**” has the meaning in Exchange Rule A 1.00;

“**Name Change**” means the change of name of the Corporation from “BMGB Capital Corp.” to “NAVCO Pharmaceuticals Inc.”;

“**nanometer**” or “**nm**” means one-billionth of a meter, and used to measure things that are very, very small;

“**nanomaterials**” means materials of which a single unit is sized between 1 and 100 nm;

“**nanotechnology**” means science, engineering, and technology conducted at the nanoscale, which is approximately 1 to 100

nanometers;

“NAVCO” or the “Target” means NAVCO Pharmaceuticals Limited, a corporation incorporated under the CBCA;

“NAVCO Intangibles” means certain intangible assets, which include product technologies, designs and formulations, developed by NAVCO based on the Acquired IP;

“NAVCO Shareholders” means the registered holders of the NAVCO Shares;

“NAVCO Shares” or “NAVCO Common Shares” means the common shares in the capital of NAVCO;

“Non-Arm’s Length Party” means: (a) in relation to a person other than an individual, a Promoter, officer, director, other Insider or Control Person of that company and any Associates or Affiliates of any such persons; and (b) in relation to an individual, any Associate of the individual or any person of which the individual is a Promoter, officer, director, Insider or Control Person;

“Non-Arm’s Length Parties” means the Vendor(s) (as defined in the CPC Policy), any Target Company(ies) (as defined in the CPC Policy) and includes, in relation to Significant Assets or Target Company(ies), the Non-Arms’ 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 Proposed 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 and 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” or “persons” includes an individual, body corporate, partnership, trust, association, syndicate or other form of unincorporated entity;

“Principal” means:

- (a) a person who acted as a Promoter of an Issuer within two years before such Issuer’s IPO Prospectus or Exchange Bulletin;
- (b) a director or senior officer of an Issuer or any of its material operating subsidiaries at the time of the Issuer’s IPO Prospectus or Final Exchange Bulletin;
- (c) a person that holds securities carrying more than 20% of the voting rights attached to an Issuer’s outstanding securities immediately before and immediately after the Issuer’s initial public offering or immediately after the Exchange Bulletin for non-initial public offering transactions; or
- (d) a person that:
 - (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after an Issuer’s initial public offering or immediately after the Exchange Bulletin for non initial public offering transactions, and
 - (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries.

In calculating these percentages, include securities that may be issued to the holder under outstanding convertible securities in both the holder’s securities and the total securities outstanding.

A company more than 50% held by one or more Principals will be treated as a Principal. (In calculating this percentage, include securities of the entity that may be issued to the Principals under outstanding convertible securities in both the Principals’ securities of the entity and the total securities of the entity outstanding.) Any securities of an Issuer that this entity holds will be subject to escrow requirements.

A Principal’s spouse and any relatives of the Principal or spouse who live at the same address as the Principal will also be treated as Principals and any securities of the Issuer they hold will be subject to escrow requirements.

“Private Placement” means the non-brokered private placement of BMGB Units for gross proceeds of a minimum of \$2,000,000 and a maximum of \$2,500,000;

“**Promoter**” means the definition prescribed by applicable Securities Laws;

“**Proposed Qualifying Transaction**” or “**Transaction**” means the acquisition by the Corporation of all of the issued and outstanding NAVCO Shares pursuant to the provisions of the Share Exchange Agreement, as more particularly described in this Filing Statement;

“**Qualifying Transaction**” means a transaction where a CPC acquires Significant Assets other than cash, by way or purchase, amalgamation, merger or arrangement with another company or by other means;

“**Resale Restrictions**” has the meaning ascribed thereto in Section 1.2 of Exchange Policy 1.1 (Interpretation);

“**Resulting Issuer**” means the Corporation as it will exist upon Completion of the Proposed Qualifying Transaction;

“**Resulting Issuer Common Shares**” means the BMGB Common Shares after giving effect to the Proposed Qualifying Transaction;

“**Resulting Issuer Escrow Agreement**” means the TSX Venture Exchange Form 5D - Surplus Security Escrow Agreement, pursuant to which the Resulting Issuer Escrow Securities will be deposited and held by the Escrow Trustee;

“**Resulting Issuer Escrow Securities**” means securities of the Resulting Issuer to be held in escrow pursuant to Exchange Policy 5.4 (Escrow, Vendor Consideration and Resale Restrictions);

“**Resulting Issuer Options**” means the options to be granted by the Resulting Issuer to certain directors, officers, employees and consultants of the Resulting Issuer and its Affiliates under the Stock Option Plan;

“**Securities Laws**” means securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders in force from time to time that are applicable to an Issuer;

“**Share Exchange Agreement**” means the share exchange agreement dated as of January 18, 2021 among the NAVCO Shareholders, NAVCO and BMGB, as amended, respecting the Transaction;

“**Shareholder**” or “**BMGB Shareholder**” means a holder of BMGB Common Shares;

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

“**Sponsor**” has the meaning given to it in Exchange Policy 2.2 (Sponsorship and Sponsorship Requirements);

“**Stock Option Plan**” means the stock option plan of the Corporation in effect as at the date of this Filing Statement;

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations promulgated thereunder, as amended;

“**Termination Date**” means December 31, 2022;

“**Transfer Agent**” means Computershare Investor Services Inc.;

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

“**U.S.**” means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“**U.S. Person**” means a person that is a resident of the U.S.;

“**Valuation Author**” means Evans & Evans, Inc., a boutique investment bank and valuation firm, and author of the Valuation Report; and

“**Valuation Report**” means the Comprehensive Valuation Report on NAVCO Pharmaceuticals Limited dated October 9, 2020, which has been prepared by the Valuation Author.

SUMMARY OF FILING STATEMENT

THE FOLLOWING IS A SUMMARY OF INFORMATION RELATING TO THE CORPORATION AND THE RESULTING ISSUER (ASSUMING COMPLETION OF THE PROPOSED QUALIFYING TRANSACTION) AND SHOULD BE READ TOGETHER WITH THE MORE DETAILED INFORMATION AND FINANCIAL DATA AND STATEMENTS CONTAINED ELSEWHERE IN THIS FILING STATEMENT.

Reference is made to the Glossary of Terms for the definitions of certain abbreviations and terms used in this Filing Statement and in this summary. Please also see “*Currency Presentation and Exchange Rate Information*”.

The Corporation

The Corporation is a CPC which was incorporated on April 21, 2018 under the BCBCA as “1161317 B.C. Ltd. The Corporation changed its name to “BMGB Capital Corp.” on June 4, 2018. BMGB’s registered and records office is located at #600 – 1090 West Georgia, Vancouver, BC V6E 3V7. BMGB has no subsidiaries.

BMGB completed its Initial Public Offering on November 5, 2018. In accordance with the CPC Policy, the Corporation does not own any assets other than cash and has not conducted any active business operations. Since its incorporation, the principal activities of the Corporation have consisted of the financing through its Initial Public Offering, the initial listing of the Common Shares on the TSXV, the identification and evaluation of businesses and assets with a view to completing a Qualifying Transaction and, having identified and evaluated such opportunities, the negotiation of the Proposed Qualifying Transaction and efforts to implement the Proposed Qualifying Transaction. The Corporation expects to complete the Proposed Qualifying Transaction on or before December 31, 2022 at which time the Common Shares are expected to resume trading on the TSXV under the symbol “NAV.V” shortly thereafter.

The BMGB Common Shares were listed for trading on the TSXV on November 5, 2018 under the symbol “BMGB.P” and were immediately halted as of market open. The BMGB Common Shares resumed trading under the trading symbol “BMGB.P” on November 7, 2018. The closing price per BMGB Common Share on April 6, 2020, the last day the BMGB Common Shares traded prior to the announcement of the Proposed Qualifying Transaction, was \$0.10. See “*Part I - Information Concerning the Corporation – Stock Exchange Price*”.

The Proposed Qualifying Transaction

The Corporation entered into the Share Exchange Agreement, pursuant to which the Corporation will acquire all of the issued and outstanding NAVCO Shares. As consideration for the assignment, BMGB will issue an aggregate of 21,340,000 BMGB Shares to the NAVCO Shareholders. In conjunction with the Transaction, BMGB has loaned an aggregate of \$98,500 (plus accrued interest) to NAVCO pursuant to the Loan Agreement, the LOC Loan Agreement and the General Security Agreement. The Transaction is subject to completion of certain conditions precedent, including without limitation receipt of Exchange approval.

Prior to or in conjunction with the Completion of the Proposed Qualifying Transaction:

- (a) BMGB will complete the Private Placement and raise gross proceeds of no less than \$2,000,000 through the issuance of 13,333,333 BMGB Units and no more than \$2,500,000 through the issuance of 16,666,667 BMGB Units;
- (b) BMGB will complete the Name Change; and
- (c) the officers and directors of BMGB will be changed, as further described in “Part IV – Information Concerning the Resulting Issuer – Directors and Officers.”

Following Closing of the Transaction, the Corporation will be a “Life Sciences” issuer under the policies of the Exchange and will be in the business of manufacturing and researching nano-technology products and materials using computerized nano-meter algorithms.

See “*Part II - Information Concerning the Proposed Qualifying Transaction*”.

Arm’s Length Transaction

The number and terms of securities to be issued in connection with the Proposed Qualifying Transaction were determined pursuant

to arm’s length negotiations between the Corporation and NAVCO. The Proposed Qualifying Transaction is not a Non-Arm’s Length Qualifying Transaction.

Resulting Issuer

Following Closing, BMGB shall have acquired all of the issued and outstanding NAVCO Shares. See “*Part II - Information Concerning the Proposed Qualifying Transaction*”.

The Resulting Issuer will be named “NAVCO Pharmaceuticals Inc.” or such other name as may be accepted by the relevant regulatory authorities and approved by the board of directors of the Resulting Issuer.

The board and management of the Resulting Issuer will be comprised of the following persons: Geoffrey Lee (CEO and director), Marek Jasinski (COO and director), Chris Cooper (CFO), Thomas Jusdanis (Corporate Secretary and director), Akbar Khan (director) and Peter Espig (director). See “*Part IV – Information Concerning the Resulting Issuer – Directors and Officers.*”

On Closing of the Transaction, and assuming that BMGB raises \$2,000,000 under the Private Placement, the Corporation will have 39,613,333 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 11.61% of the shares of the Corporation, participants in the Private Placement would hold approximately 33.66% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 53.87% of the shares of the Resulting Issuer and the Finder would hold approximately 0.86% of the shares of the Resulting Issuer. If BMGB instead raises \$2,500,000 under the Private Placement, the Corporation will have 42,946,667 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 10.71% of the shares of the Corporation, participants in the Private Placement would hold approximately 38.81% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 49.69% of the shares of the Resulting Issuer and the Finder would hold approximately 0.79% of the shares of the Resulting Issuer.

Selected Pro Forma Consolidated Financial Information

The following table summarizes selected pro forma financial information as at June 30, 2022 of the Resulting Issuer assuming Completion of the Proposed Qualifying Transaction and should be read in conjunction with the unaudited pro forma financial statements and related notes attached hereto as Exhibit E:

Pro Forma Balance Sheet	BMGB as at June 30, 2022 (\$)	NAVCO as at June 30, 2022 (\$)	Pro Forma Adjustments (\$)	Resulting Issuer (\$)
Current Assets	112,171	57,349	2,314,628	2,484,148
Intangible Assets and Goodwill	-	47,300	-	47,300
Other Assets	-	161,769	-	161,769
Total Assets	112,171	266,418	2,314,628	2,693,217
Current Liabilities	108,700	896,592	(110,390)	894,902
Other Liabilities	-	32,469	-	32,469
Total Liabilities	108,700	929,061	(110,390)	927,371
Shareholders’ Equity (Deficiency)	3,472	(662,643)	2,425,018	1,765,847

Available Funds and Principal Uses of Funds

As at October 31,2022 the Corporation had approximately \$27,000 in working capital. Upon Closing of the Transaction and the Private Placement, the Corporation will have approximately \$2,027,000 of funds available if the gross proceeds of the Private Placement is the minimum of \$2,000,000, or approximately \$2,527,000 of funds available if the gross proceeds of the Private Placement is the maximum of \$2,500,000.

The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, developing NAVCO’s business. It is anticipated that the Resulting Issuer will use such funds as follows:

Description	Budgeted Expenditures Assuming Minimum Private Placement of \$2,000,000 (\$)	Budgeted Expenditures Assuming Maximum Private Placement of \$2,500,000 (\$)
Operating Costs		
Production	110,000	135,000
Marketing	20,000	75,000
Management and Consulting Fees ⁽¹⁾	270,000	325,000 ⁽²⁾
Professional Fees ⁽³⁾	80,000	150,000 ⁽⁴⁾
Miscellaneous ⁽⁵⁾	25,000	100,000 ⁽⁶⁾
Capital Costs		
Purchases of Equipment	60,000	125,000
Production Lines Operations	65,000	120,000
Inventory and Logistics		
Warehousing and Shipping	95,000	110,000
Supply Chain Management	118,000	170,000
Deficit from NAVCO Financial Statements	839,243	839,243
Finder's Fees under Private Placement	160,000 ⁽⁷⁾	200,000 ⁽⁷⁾
Transaction Costs	75,000 ⁽⁸⁾	75,000 ⁽⁸⁾
Unallocated Working Capital	109,757	102,757
Total	2,027,000	2,527,000

Notes:

- (1) These amounts include proposed management and consulting fees of \$240,000 to be paid to the directors and officers of the Resulting Issuer, with the remaining amount to be paid for third party consultants for patents, patent consulting and patent filings and similar intellectual property matters. See *“Part IV - Information Concerning the Resulting Issuer – Proposed Compensation.”*
- (2) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to engage additional employees and/or consultants to accelerate and expand its business.
- (3) These amounts include legal and audit fees.
- (4) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to accelerate and expand its business which will result in increased professional fees (e.g., increased legal fees for patent applications).
- (5) These amounts include regulatory and compliance filing fees, D&O insurance, transfer agent and bank costs and miscellaneous office costs.
- (6) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to accelerate and expand its business which will result in increased miscellaneous costs (e.g., increased regulatory and compliance filing fees).
- (7) These amounts assume an 8% Finder's Fee is paid on all proceeds raised in the Private Placement.
- (8) Transaction costs are comprised of approximately \$50,000 in legal fees, \$10,000 in professional fees – audit and accounting, and \$15,000 in listing and other filing fees.

The Resulting Issuer will spend the funds available to it on Completion of the Proposed Qualifying Transaction and for the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer may require additional funds in order to fulfill all of its business requirements and objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required. See *“Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”*.

Listing and Share Price on the TSXV

The Common Shares are listed for trading on the TSXV under the trading symbol BMGB.P. The closing trading price of the Common Shares on the TSXV on April 6, 2020 (the last trading day on which BMGB Shares traded preceding the announcement

by BMGB of the Transaction, following which trading has not recommenced) was \$0.10. See “*Part I – Information Concerning the Corporation – Stock Exchange Price.*”

Conditional Listing Approval

The Corporation has applied to have the Resulting Issuer Common Shares listed on the TSXV immediately upon Completion of the Proposed Qualifying Transaction. The TSXV has conditionally accepted the Proposed Qualifying Transaction subject to the Corporation fulfilling all of the requirements of the TSXV on or before December 31, 2022.

Resulting Issuer Escrow Securities and CPC Escrow Shares

An aggregate of 9,606,343 Resulting Issuer Common Shares will be placed in escrow pursuant to the Resulting Issuer Escrow Agreement and will be released in accordance with the terms thereof. In addition, an aggregate of 2,000,000 CPC Escrow Shares will continue to be held in escrow pursuant to the CPC Escrow Agreement and will be released in accordance with the terms thereof. For information pertaining to the terms of the escrow, see “*Part IV - Information Concerning the Resulting Issuer – Escrowed Securities*”.

Interests of Insiders, Promoters and Control Persons

Except as disclosed in this Filing Statement, no Insider, promoter or Control Person of the Corporation, and no Associate or Affiliate of the same, has any interest in the Proposed Qualifying Transaction other than that which arises from the holding of BMGB Common Shares.

Interests of Experts

No individual or company who is named as having prepared or certified a part of this Filing Statement or prepared or certified a report or valuation described or included in this Filing Statement has any direct or indirect interest in the Corporation or the Resulting Issuer, or an Associate or Affiliate of them. See “*Part IV – General Matters – Interests of Experts*”.

Conflicts of Interest

There are potential conflicts of interest to which the proposed directors, officers, insiders and promoters of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Each of the directors and officers of the Resulting Issuer may be or already are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Resulting Issuer. Some of the directors, officers, insiders and promoters have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporation on their own behalf and on behalf of other corporations. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA and applicable securities law, regulations and policies (including the policies of the stock exchange on which the Resulting Issuer’s shares may then trade). See also “*Part IV - Information Concerning the Resulting Issuer - Risk Factors*”.

Sponsorship

Pursuant to the Sponsorship Policy, sponsorship is required in conjunction with a Qualifying Transaction. BMGB has received an exemption from the Exchange from the sponsorship requirement on the basis that the Qualifying Transaction is generally in compliance with relevant standards and guidelines applicable in the Sponsorship Policy. See “*Part V – General Matters - Sponsorship*”.

Risk Factors

An investment in the Resulting Issuer is subject to a number of risks that should be considered by investors. These risks and other risks associated with an investment in the Resulting Issuer include, but are not limited to: (i) risks relating to the Transaction, including completion risks and dilution; (ii) risks relating to the business to be carried on by the Resulting Issuer, including intellectual property protection risks, commercial viability and execution risks, product liability risks, regulatory risks, competition risks and financial performance risks; and (iii) risks relating to the Resulting Issuer’s securities, including potential dilution risks, trading market risks, valuation risks and volatility risks. See “*Part IV - Information Concerning the Resulting Issuer – Risk Factors*”.

PART I - INFORMATION CONCERNING BMGB CAPITAL CORP.

CORPORATE STRUCTURE

The Corporation is a CPC which was incorporated on April 21, 2018 under the BCBCA as “1161317 B.C. Ltd. The Corporation changed its name to “BMGB Capital Corp.” on June 4, 2018. BMGB’s registered and records office is located at #600 – 1090 West Georgia Street, Vancouver, BC V6E 3V7. BMGB has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

The Corporation is a capital pool company pursuant to the policies of the TSXV and to date has not carried on any operations. The principal business of the Corporation has been 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 acceptance for filing by the TSXV. The Corporation does not have business operations or significant assets other than cash and loan receivable, and currently has no written or oral agreements in principle for the acquisition of an asset or business, other than the Share Exchange Agreement.

On April 21, 2018, the Corporation issued one incorporator’s share at a price of \$0.01, which incorporator’s share was cancelled on June 1, 2018. On June 1, 2018, the Corporation issued 2,000,000 BMGB Common Shares at a price of \$0.05 per share for aggregate gross proceeds of \$100,000. On November 5, 2018, BMGB completed its Initial Public Offering under which it issued an aggregate of 2,500,000 BMGB Shares at a price of \$0.10 per share for gross proceeds of \$250,000. The Corporation also issued agent’s options to acquire up to 250,000 BMGB Shares at a price of \$0.10 per share until November 5, 2020. BMGB issued 100,000 BMGB Shares for gross proceeds of \$10,000 pursuant to the exercise of 100,000 of the agent’s options. The remaining agent’s options expired on November 5, 2020.

BMGB is a reporting issuer under applicable securities legislation in the Provinces of British Columbia, Alberta and Ontario. The Common Shares were listed for trading on the TSXV under the symbol “BMGB.P” on November 5, 2018.

Since the issuance of the Common Shares pursuant to the Initial Public Offering, management of the Corporation have been focused on finding and evaluating assets or businesses with a view to completing a Qualifying Transaction.

On January 18, 2021, the Corporation entered into the Share Exchange Agreement, pursuant to which the Corporation will acquire all of the issued and outstanding NAVCO Shares from the NAVCO Shareholders. As consideration, BMGB will issue an aggregate of 21,340,000 BMGB Shares to the NAVCO Shareholders. In conjunction with the Transaction, BMGB has loaned an aggregate of \$98,500 (plus accrued interest) to NAVCO pursuant to the Loan Agreement, the LOC Loan Agreement and the General Security Agreement. The Transaction is subject to completion of certain conditions precedent, including without limitation receipt of Exchange approval. Prior to or in conjunction with the Completion of the Proposed Qualifying Transaction:

- (a) BMGB will complete the Private Placement and raise gross proceeds of no less than \$2,000,000 through the issuance of 13,333,333 BMGB Units and no more than \$2,500,000 through the issuance of 16,666,667 BMGB Units;
- (b) BMGB will complete the Name Change; and
- (c) the officers and directors of BMGB will be changed, as further described in “Part IV – Information Concerning the Resulting Issuer – Directors and Officers.”

Following Closing of the Transaction, the Corporation will be a “Life Sciences” issuer under the policies of the Exchange and will be in the business of manufacturing and researching nanotechnology products and materials using computerized nanometer algorithms. For further information regarding the Proposed Qualifying Transaction, please see “Part II – Information Concerning the Proposed Qualifying Transaction – The Proposed Qualifying Transaction”.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of selected financial information for BMGB for the periods indicated, which should be read in conjunction with the Corporation’s financial statements included as Exhibit A.

	Financial year ended June 30, 2021 (Audited) (\$)	Financial year ended June 30, 2022 (Audited) (\$)
Total administrative expenses	79,542	100,092
Amounts deferred in connection with the Transaction	Nil	Nil
Total	79,542	100,092

MANAGEMENT’S DISCUSSION AND ANALYSIS

Management’s Discussion and Analysis (“**MD&A**”) of the Corporation for the financial years ended June 30, 2021 and 2022 is incorporated by reference and attached to this Filing Statement as Exhibit B. The MD&A should be read in conjunction with the Corporation’s financial statements for such period, together with the notes thereto, which are incorporated by reference and attached to this Filing Statement as Exhibit A. The Corporation expects that if the Proposed Qualifying Transaction is not completed, it will have sufficient cash remaining to pursue another Qualifying Transaction, as many of these costs will not be incurred if the Proposed Qualifying Transaction is not completed.

SHARE CAPITAL

The Corporation is authorized to issue an unlimited number of Common Shares. As at the date hereof there are 4,600,000 Common Shares issued and outstanding.

There are 450,000 BMGB Stock Options issued and outstanding under the Stock Option Plan, each BMGB Option exercisable for one BMGB Share at an exercise price of \$0.10 until November 5, 2028. There are no other securities issued and outstanding that are convertible or exercisable into Common Shares.

DESCRIPTION OF SECURITIES

BMGB Common Shares

The Corporation is authorized to issue an unlimited number of BMGB Common Shares. The holders of BMGB Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the Shareholders of the Corporation and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the BMGB Common Shares.

Dividend Record and Policy

The Corporation has not declared or paid a dividend in its history. Other than pursuant to the TSXV’s policies, there are no restrictions on the Corporation that would prevent it from paying a dividend. The Board of Directors intends, however, to retain future earnings for reinvestment in the Corporation’s business and therefore has no current intention to pay dividends on its BMGB Common Shares in the foreseeable future. The Corporation’s dividend policy will be reviewed from time to time in the context of its earnings, financial condition and other relevant factors.

STOCK OPTION PLAN AND OPTIONS GRANTED

The Corporation has adopted the Stock Option Plan in accordance with the policies of the TSXV which provides that the Board of Directors of the Corporation may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Corporation non-transferable options to purchase Common Shares, provided that the number of Common Shares reserved for issuance under the Stock Option Plan shall not exceed ten percent (10%) of the issued and outstanding Common Shares. In addition, the number of Common Shares reserved for issuance to any one person shall not exceed 5% of the issued and outstanding Common Shares and the number of Common Shares reserved for issuance to consultants or employees conducting Investor Relations Activities (as such term is defined by the TSXV) will not exceed 2% of the issued and outstanding Common Shares in any 12-month period.

However, other than in connection with a Qualifying Transaction, during the time that the Corporation is a CPC, the aggregate number of Common Shares issuable upon exercise of all options granted under the Stock Option Plan shall not exceed 10% of the Common Shares of the Corporation issued and outstanding at the closing of the Initial Public Offering. The Board of Directors

determines the price per Common Share, the number of Common Shares which may be allotted to each director, officer, employee and consultant, the vesting terms and all other terms and conditions of the option, subject to the rules of the TSXV. Options are exercisable for a period of up to 10 years. If the holder ceases to be a director, officer, employee or consultant of the Corporation, such holder's options must also be exercised within the later of: (i) 12 months after the Completion of the Proposed Qualifying Transaction; and (ii) 12 months from the date of termination of employment or cessation of position with the Corporation, including by reason of death. The price per Common Share set by the Board of Directors shall not be less than the last closing price of the Common Shares on the TSXV prior to the date on which such option is granted, less the applicable discount permitted (if any) by the TSXV. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Corporation, or its subsidiary, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

There are 450,000 BMGB Options issued and outstanding under the Stock Option Plan. In conjunction with Closing the Transaction, the Corporation intends to issue an aggregate of 2,000,000 BMGB Options. See "Part IV – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization of the Resulting Issuer."

PRIOR SALES

Since the date of incorporation of the Corporation, BMGB Common Shares have been issued as follows:

Date	Number of BMGB Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
April 1, 2018	1 ⁽¹⁾	\$0.01	\$0.01	Cash
June 1, 2018	2,000,000 ⁽²⁾	\$0.05	\$100,000	Cash
November 5, 2018	2,500,000 ⁽³⁾	\$0.10	\$250,000	Cash
November 4, 2020	100,000 ⁽⁴⁾	\$0.10	\$10,000	Cash
Total	4,600,000		\$360,000	

Notes:

- (1) This incorporator's share was surrendered for cancellation on June 1, 2018.
- (2) All of these BMGB Shares were placed in escrow pursuant to the CPC Escrow Agreement in accordance with the Escrow Policy. See "Information Concerning the Resulting Issuer – Escrowed Securities".
- (3) These BMGB Shares were issued under BMGB's IPO.
- (4) These BMGB Shares were issued upon exercise of agent's options issued by BMGB under the Initial Public Offering.

EXECUTIVE COMPENSATION

The Corporation is a venture issuer and is disclosing the compensation of its directors and named executive officers in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides information regarding compensation paid, payable, awarded to, or earned by the Corporation's Chief Executive Officer and Chief Financial Officer, (together, the "Named Executive Officers") and any director who is not a Named Executive Officer for the financial years ended June 30, 2022 and 2021. There were no other executive officers of the Corporation or individuals who individually earned more than \$150,000 in total compensation.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Lucas Birdsall CEO, Corporate Secretary and Director	2022 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Patrick O'Flaherty Chief Financial Officer	2022 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Brian Morrison Director	2022 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil
Sean Bromley Director	2022 2021	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil	Nil Nil

Stock Options and Other Compensation Securities

The following table discloses all stock options and other compensation securities granted to each director and Named Executive Officer of the Corporation by the Corporation in the most recently completed financial year for services provided, directly or indirectly, to the Corporation.

Compensation Securities							
Name and position	Type of compensation security	Number of compensation securities, number of underlying securities, and percentage of class	Date of issue or grant	Issue, conversion or exercise price (\$)	Closing price of security or underlying security on date of grant (\$)	Closing price of security or underlying security at year end (\$)	Expiry date
Lucas Birdsall Director, CEO and Corporate Secretary	Stock Option	225,000 (4.89%)	June 15, 2018	\$0.10	\$0.10	\$0.17	Nov. 5, 2028
Sean Bromley Director	Stock Option	75,000 (1.63%)	June 15, 2018	\$0.10	\$0.10	\$0.17	Nov. 5, 2028
Brian Morrison Director	Stock Option	75,000 (1.63%)	June 15, 2018	\$0.10	\$0.10	\$0.17	Nov. 5, 2028
Patrick O'Flaherty CFO	Stock Option	75,000 (1.63)	June 15, 2018	\$0.10	\$0.10	\$0.17	Nov. 5, 2028

Stock Option Plans and Other Incentive Plans

The Corporation has adopted a stock option plan (the "Plan") which provides eligible directors, officers, employees and consultants with the opportunity to acquire an ownership interest in the Corporation and is the basis for the Corporation's long-term incentive scheme. The Plan has not been previously approved by the shareholders of the Corporation. The key features of the Plan are as follows:

- The maximum number of common shares issuable under the Plan may not exceed in aggregate such number of common shares as is equal to 10% of the common shares issued and outstanding at the time of such grant; provided that, if the Corporation is a CPC, such number cannot exceed 10% of the aggregate number of common shares issued and outstanding upon completion of the Corporation's initial public offering.

- The options have a maximum term of ten years from the date of issue.
- Options vest as the board of directors of the Corporation may determine upon the award of the options.
- The exercise price of options granted under the Plan shall be determined by the board of directors but shall not be lower than the last closing price for common shares of the Corporation as quoted on the TSX Venture Exchange, less any discount permitted by the TSX Venture Exchange, on the date of grant of the option, and provided that, if the Corporation is a CPC, the exercise price shall not be lower than \$0.10.
- The expiry date of an option shall be the earlier of the date fixed by the Corporation's board of directors on the award date, and: (a) in the event of the death or disability of the option holder while he or she is a director, officer, employee or consultant, 12 months from the date of death or disability of the option holder; (b) in the event that the option holder ceases to be a director, employee or consultant other than by reason of death or disability, 90 days following the date the option holder ceases to be a director, officer, consultant or employee (provided that if the Corporation is a CPC and the optionee does not carry on as a director, officer, consultant or employee of the Corporation upon completion of the Corporation's Qualifying Transaction, the options shall be exercisable until the later of 12 months after the completion of such Qualifying Transaction and the 90th day after the Optionee ceases to be a director, officer, consultant or employee for any reason other than death, disability or cause); (c) the 30th day after the optionee who is engaged in investor relations activities for the Corporation ceases to be employed to provide investor relations activities; and (d) the date on which the optionee ceases to be a director, officer, consultant or employee by reason or termination of the optionee as an employee or consultant of the Corporation for cause (which, in the case of a consultant, includes any breach of an agreement between the Corporation and the consultant).

The Plan may be terminated at any time by resolution of the board of directors, but any such termination will not affect or prejudice rights of participants holding options at that time. If the Plan is terminated, outstanding options will continue to be governed by the provisions of the Plan.

Employment, Consulting and Management Agreements

The Corporation is not party to any employment, consulting or management agreements with any director or Named Executive Officer.

Oversight and Description of Director and Name Executive Officer Compensation

The board of directors has the responsibility for determining compensation for the directors and senior management (including the Named Executive Officers). At present, no compensation was paid to any director or Named Executive Officer during the financial year ended June 30, 2021 or has been paid during the current financial year.

STOCK EXCHANGE PRICE

The Common Shares were listed and posted for trading on the TSXV on November 5, 2018 and were immediately halted as of market open. The Common Shares resumed trading on the TSXV on November 7, 2018. The following table sets forth information relating to the trading of the Common Shares on the TSXV since the Common Shares were listed for trading on November 5, 2018:

Month	High (\$)	Low (\$)	Last (\$)	Volume
November 2018 ⁽¹⁾	0.20	0.15	0.155	69,000
December 2018	0.16	0.16	0.16	18,000
January 2019	0.17	0.17	0.17	3,000
February 2019	-	-	-	-
March 2019	-	-	-	-
April 2019	-	-	-	-
May 2019	-	-	-	-
June 2019	-	-	-	-
July 2019	-	-	-	-
August 2019	-	-	-	-
September 2019	-	-	-	-
October 2019	-	-	-	-
November 2019	-	-	-	-
December 2019	-	-	-	-
January 2020	0.15	0.11	0.11	18,000
February 2020	0.10	0.10	0.10	15,000
March 2020	-	-	-	-
April 2020 ⁽²⁾	0.10	0.10	0.10	1,000

Notes:

- (1) The Common Shares commenced trading on the TSXV on November 5, 2018 and were immediately halted as of market open. The Common Shares resumed trading on the TSXV on November 7, 2018.
- (2) The trading of the Common Shares was halted on April 29, 2020 and has remained halted since that date.

ARM'S LENGTH QUALIFYING TRANSACTION

The Proposed Qualifying Transaction is not a Non-Arm's Length Qualifying Transaction within the meaning of the policies of the TSXV.

LEGAL PROCEEDINGS

There are no legal proceedings material to the Corporation to which the Corporation is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Corporation to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Corporation is DMCL at #1500 – 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1. DMCL has been the auditor of the Corporation since inception.

Computershare Investor Services Inc., at its Vancouver office located at 510 Burrard Street, 2nd Floor, Vancouver, British Columbia, V6C 3B9, is the transfer agent and registrar for the Common Shares.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation as of the date of this Filing Statement:

- (a) the CPC Escrow Agreement;
- (b) the Loan Agreement;
- (c) the LOC Loan Agreement;
- (d) the General Security Agreement; and
- (e) the Share Exchange Agreement.

Copies of these agreements will be available for inspection at the offices of the Corporation's legal counsel, Beadle Raven LLP, at, 600-1090 West Georgia Street, Vancouver, British Columbia, at any time during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

PART II - INFORMATION CONCERNING THE PROPOSED QUALIFYING TRANSACTION

OVERVIEW

Management of the Corporation has identified the Proposed Qualifying Transaction as an appropriate transaction to constitute its Qualifying Transaction. Under the proposed Qualifying Transaction, the Corporation will acquire all of the issued and outstanding shares of NAVCO. Following Closing of the Transaction, the Corporation will be a “Life Sciences” issuer under the policies of the Exchange and will be in the business of manufacturing and researching nano-technology products and materials using computerized nano-meter algorithms.

The Corporation entered into the Share Exchange Agreement with NAVCO and the NAVCO Shareholders on January 18, 2021. As consideration for the acquisition of all of the issued and outstanding NAVCO Shares, BMGB will issue an aggregate of 21,340,000 BMGB Common Shares in the capital of BMGB to the NAVCO Shareholders. BMGB previously loaned NAVCO an aggregate of \$98,500 (plus accrued interest) pursuant to the Loan Agreement, the LOC Loan Agreement and the General Security Agreement. The Transaction is subject to completion of certain conditions precedent, including without limitation receipt of Exchange approval and completion of the Private Placement.

In conjunction with the Transaction, BMGB will complete the name change, changing its name to “NAVCO Pharmaceuticals Inc.” BMGB will also be conducting the Private Placement under which it will raise gross proceeds of no less than \$2,000,000 and no more than \$2,500,000 through the issuance of Units at a price of \$0.15 per Unit, with each Unit comprised of one common share and one common share purchase warrant. Each whole warrant will be exercisable for an BMGB common share at an exercise price of \$0.25 for two years from the date of issuance. The Private Placement is non-brokered, and BMGB may pay finder’s fees of up to 8% of the gross proceeds of the Private Placement and may issue such number of Finder’s Warrants equal to 8% of the number of Units issued under the Private Placement.

On Closing of the Transaction, and assuming that BMGB raises \$2,000,000 under the Private Placement, the Corporation will have 39,613,333 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 11.61% of the shares of the Corporation, participants in the Private Placement would hold approximately 33.66% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 53.87% of the shares of the Resulting Issuer and the Finder would hold approximately 0.86% of the shares of the Resulting Issuer. If BMGB instead raises \$2,500,000 under the Private Placement, the Corporation will have 42,946,667 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 10.71% of the shares of the Corporation, participants in the Private Placement would hold approximately 38.81% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 49.69% of the shares of the Resulting Issuer and the Finder would hold approximately 0.79% of the shares of the Resulting Issuer.

THE PROPOSED QUALIFYING TRANSACTION

The Transaction

The parties to the Transaction are BMGB, NAVCO and the NAVCO Shareholders, pursuant to the Share Exchange Agreement. BMGB and NAVCO are also parties to the Loan Agreement, the LOC Loan Agreement and the General Security Agreement. The Transaction is not a Non-Arm’s Length Transaction.

Under the proposed Qualifying Transaction, the Corporation will acquire all of the issued and outstanding shares of NAVCO. Following Closing of the Transaction, the Corporation will be a “Life Sciences” issuer under the policies of the Exchange and will be in the business of manufacturing and researching nano-technology products and materials using computerized nano-meter algorithms. The Corporation expects to complete the Proposed Qualifying Transaction on or before December 31, 2022 at which time the Common Shares are expected to resume trading on the TSXV under the symbol “NAV.V” shortly thereafter.

The Corporation entered into the Share Exchange Agreement with NAVCO and the NAVCO Shareholders on January 18, 2021. As consideration for the acquisition of all of the issued and outstanding NAVCO Shares, BMGB will issue an aggregate of 21,340,000 BMGB Common Shares in the capital of BMGB to the NAVCO Shareholders. BMGB previously loaned NAVCO an aggregate of \$98,500 (plus accrued interest) pursuant to the Loan Agreement, the LOC Loan Agreement and the General Security Agreement. The Transaction is subject to completion of certain conditions precedent, including without limitation receipt of Exchange approval and completion of the Private Placement.

Prior to or in conjunction with the Completion of the Proposed Qualifying Transaction:

- (a) BMGB will complete the Private Placement and raise gross proceeds of no less than \$2,000,000 through the

issuance of 13,333,333 BMGB Units and no more than \$2,500,000 through the issuance of 16,666,667 BMGB Units;

- (b) BMGB will complete the Name Change; and
- (c) the officers and directors of BMGB will be changed, as further described in “*Part IV – Information Concerning the Resulting Issuer – Directors and Officers.*”

The Share Exchange Agreement

The Transaction will be effected in accordance with the Share Exchange Agreement, a copy of which has been filed by BMGB on SEDAR at www.sedar.com as a material document. 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 Transaction will not proceed. There is no assurance that the conditions will be satisfied or waived on a timely basis, or at all.

Covenants

Under the Share Exchange Agreement, each of the NAVCO Shareholders has agreed to sell, assign and transfer its NAVCO Shares to BMGB in exchange for the issuance of an aggregate of 21,340,000 BMGB Shares to the NAVCO Shareholders.

In addition, each of BMGB and NAVCO have covenanted to do each of the following until Closing or termination of the Share Exchange Agreement: (a) conduct its business in the ordinary course; (b) maintain its insurance; (c) comply with all applicable laws; (d) pay and discharge all of its liabilities or obligations in the ordinary and usual course of business consistent with past business practice; (e) not take any action or omit to take any action which would, or would reasonably be expected to, result in a breach of or render untrue any representation, warranty, covenant, or other obligation of it contained in the Share Exchange Agreement; (f) preserve intact its business and assets; and (g) take all necessary actions, steps and proceedings that are necessary or desirable to approve or authorize, or to validly and effectively undertake, the execution and delivery of the Share Exchange Agreement and the completion of the Transaction.

Conditions

The obligations of the NAVCO Shareholders to complete the Transaction shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of BMGB made in the Share Exchange Agreement shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and the NAVCO Shareholders shall have received a certificate executed by an officer of BMGB certifying that the representations and warranties of BMGB set forth in the Share Exchange Agreement are true and correct as at the Closing Date;
- (b) BMGB shall have performed and complied with all the obligations, covenants and agreements to be performed and complied with by BMGB under the Share Exchange Agreement;
- (c) if and as required by applicable law or by the TSXV, approval of the Transaction by the shareholders of BMGB;
- (d) approval of the Transaction by the TSXV;
- (e) no material adverse effect will have occurred with respect to BMGB;
- (f) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the Transaction and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction;
- (g) the Private Placement shall have closed for gross proceeds of at least \$2,000,000;
- (h) the Name Change shall be completed;
- (i) the officers and directors of the Resulting Issuer shall be as described in the Share Exchange Agreement;
- (j) the Finder’s Shares shall have been issued to the Finder; and

- (k) the NAVCO Shareholders shall have received from BMGB the documentation set forth in the Share Exchange Agreement.

The obligations of BMGB to complete the Transaction shall be subject to the satisfaction of, or compliance with, on or before the Closing Date, each of the following conditions precedent:

- (a) the representations and warranties of each of the NAVCO Shareholders made in the Share Exchange Agreement shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and BMGB shall have received a certificate executed by each of the NAVCO Shareholders certifying that: (i) the representations and warranties of such NAVCO Shareholder made in the Share Exchange Agreement are true and correct as at the Closing Date; and (ii) the exemption from the prospectus requirement under Canadian Securities Laws on which such NAVCO Shareholder is relying in order to receive BMGB Shares pursuant to the Transaction;
- (b) the representations and warranties of NAVCO made in the Share Exchange Agreement shall be true and correct in all material respects at Closing and with the same effect as if made at and as of Closing, and BMGB shall have received a certificate executed by NAVCO certifying that the representations and warranties of NAVCO made in the Share Exchange Agreement are true and correct as at the Closing Date;
- (c) the NAVCO Shareholders and NAVCO shall have performed and complied all the obligations, covenants and agreements to be performed and complied with by them under the Share Exchange Agreement;
- (d) approval of the Transaction by the TSXV;
- (e) no injunction or restraining order of any court or administrative tribunal of competent jurisdiction shall be in effect prohibiting the Transaction contemplated by the Share Exchange Agreement and no action or proceeding shall have been instituted or be pending before any court or administrative tribunal to restrain or prohibit the Transaction between the parties contemplated by the Share Exchange Agreement; and
- (f) the Private Placement shall have closed for gross proceeds of at least \$2,000,000; and
- (g) the Purchaser shall have received from the NAVCO Shareholders and NAVCO the documentation set forth in the Share Exchange Agreement.

Representations and Warranties

The Share Exchange Agreement contains representations and warranties made by each of BMGB, NAVCO and the NAVCO Shareholders relating to certain matters, including, among other things: incorporation; absence of conflict with or violation of constating documents, agreements or applicable laws; authority to execute and deliver the Share Exchange Agreement and perform its obligations under the Share Exchange Agreement; due authorization and enforceability of the Share Exchange Agreement; and absence of litigation, judgment or order. 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.

Termination

Unless otherwise agreed to in writing by the parties under the Share Exchange Agreement, if Closing has not occurred on or before the Termination Date, the Share Exchange Agreement shall be terminated.

PRIVATE PLACEMENT

In conjunction with the Transaction, BMGB will be conducting the Private Placement under which it will raise gross proceeds of no less than \$2,000,000 and no more than \$2,500,000 through the issuance of BMGB Units at a price of \$0.15 per BMGB Unit, with each BMGB Unit comprised of BMGB Common Share and one BMGB Warrant. Each whole BMGB Warrant will be exercisable for an BMGB Common Share at an exercise price of \$0.25 for two years from the date of issuance. The Private Placement is non-brokered, and BMGB may pay finder’s fees of up to 8% of the gross proceeds of the Private Placement and may issue such number of Finder’s Warrants equal to 8% of the number of Units issued under the Private Placement.

NAME CHANGE

Directors of BMGB approved and authorized the Name Change to change the name of the Corporation to “NAVCO Pharmaceuticals Inc.” or such other name as may be deemed appropriate, subject to the receipt of regulatory approval which includes acceptance by the TSXV. The purpose of the Name Change is to change the name of the Corporation so that after Completion of the Proposed Qualifying Transaction it will reflect the business of the Resulting Issuer.

PART III - INFORMATION CONCERNING NAVCO PHARMACEUTICALS LIMITED

CORPORATE STRUCTURE

NAVCO was incorporated on February 26, 2020 under the CBCA. NAVCO's registered and records office is located at 5205 Harvester Road Unit 1, Burlington, Ontario L7L 6B5. NAVCO has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

NAVCO was incorporated under the *Canada Business Corporations Act* on February 26, 2020.

On February 28, 2020, NAVCO entered into the IP Assignment Agreement with 100THX, whereby 100THX assigned and transferred certain intellectual property (the "**Acquired IP**") to NAVCO in exchange for 1,170,000 NAVCO Shares.

The Acquired IP includes the following:

- 1) Novel method of preparation of nano materials, including but not limited to various materials, computed energy levels, nano meter sizes, biological effects, carrier methods for drugs and others, chiral effects, antennas effects, beam forming, radar technologies, hydrostatic effects, optical detection technologies, cell treatments, and various forms and uses thereof.
- 2) Method of preparation of nano materials for fractalizing compounds, including but not limited to polarization techniques, biological effects, and treatment of various cancers and diseases.
- 3) Method of Computerized Nano-meter algorithms for use in its nano material applications for computing molecular methods, energy levels and other details for the purpose of delivering nano particles for specific uses thereof.
- 4) Preparations for anti-microorganisms of aerosols and creams, including formulations.
- 5) Preparation and stabilization of nano material products.

On February 10, 2021, NAVCO entered into a lease extension agreement (the "**Lease Extension Agreement**") with Sandlark Developments Inc. ("**Sandlark**") and 100THX. Under the Lease Extension Agreement, the underlying lease agreement (the "**Lease Agreement**") dated March 20, 2020 between Sandlark, as lessor, and 100THX, as lessee, the term of the lease was extended to March 31, 2025 and 100THX assigned all of its rights and obligations under the Lease Agreement to NAVCO, which assumed such rights and obligations. The monthly rental payment under the Lease Agreement is \$2,414.47.

On October 9, 2020, NAVCO received the Valuation Report from the Valuation Author.

On January 18, 2021, NAVCO entered into the Share Exchange Agreement with BMGB and the NAVCO Shareholders.

For further information regarding the Proposed Qualifying Transaction, please see "*Part II – Information Concerning the Proposed Qualifying Transaction – The Proposed Qualifying Transaction*".

NARRATIVE DESCRIPTION OF THE BUSINESS

Based on the Acquired IP, NAVCO has developed certain intangible assets which include product technologies, designs and formulations ("**NAVCO Intangibles**"). NAVCO manufactures and researches nano-technology products and materials using Computerized Nano-meter Algorithms. NAVCO's BioActive™ stream nano-technology includes a novel way of "gluing" particles and allows for manufacturing of nano-scale structures that have important biological implications for medical, veterinary, chemical, textile, food, additive and other industrial uses. NAVCO's products are tailored to defend against microorganisms such as viruses, bacteria and fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

There are various products available in the market including liquids, gels, and foam for protection against microorganisms. While the alcohol-based sanitizers dominate the market and are easy to use they are inflammable, toxic and may cause dryness and cracking of skin if used frequently. NAVCO's products have advantage over the alternatives as NAVCO's products can remain effective for hours after the use. The active ingredients in NAVCO's BioActive™ products safely bond with the skin and provide protection against pathogens for hours by creating a barrier on the skin. NAVCO's products are formulated without alcohol and do not dry the skin and cause redness, chapping or flaking.

Principal Products

NAVCO has four main product lines: NAVCO Sanitizer, NAVCO Aerosol Spray, NAVCO Cream and NAVCO Nano Silver.

NAVCO Sanitizer is an alcohol-free and non-toxic hand sanitizer meant to replace alcohol-based products. NAVCO Sanitizer prevents viruses and their infectious particles from getting inside the body, without drying out or damaging the skin. It is alcohol free and non-toxic based technology designed to meet today's challenge of repetitive use of sanitizing products without skin damage.



NAVCO Sanitizer

NAVCO Spray provides long lasting, active protection against microorganisms and can be used on walkways, hallways, countertops and many other surfaces. It can be used on a variety of hard, non-food-contact surfaces such as doorknobs, light switches and stair railings and can also be used on soft surfaces such as couches, backpacks and coats. Many germs spread through walls and HVAC systems, NAVCO Spray can prevent the spread of germs and eliminate them from walls, walkways. NAVCO Spray binds the microorganism-fighting ingredient to the surface and is effective for hours even when contacted multiple times.



NAVCO Aerosol Spray

NAVCO Cream is a non-toxic, non-flammable, alcohol-free hand sanitizing cream geared toward long lasting active protection of skin against microorganisms.



NAVCO Cream

NAVCO Nano Silver is biologically active and can be used on surfaces, clothes, doorknobs, and even skin. Microorganisms spread through HVAC, walls, and walkways. Due to persistent methods of action, aerosol applications for HVAC filters, walls, and walkways ensure a safe environment for cruise ships, hospitals, apartment buildings, food manufacturing plants, tools, and others.



NAVCO Nano Silver

Operations

NAVCO conducts its business at its leased premises in Burlington, Ontario. NAVCO completed testing of its products in December 2020. NAVCO's products are scheduled to launch in Canada by no later than February 2023. Following product launch in Canada, NAVCO intends to focus on registrations with the United States Food and Drug Administration ("FDA") for sales in the U.S.A., and eventually on regulatory approvals required for sales in Europe, Latin America and elsewhere.

NAVCO will manufacture NAVCO Nano Silver at its manufacturing facility. For NAVCO Sanitizer, NAVCO Spray and NAVCO Cream, NAVCO will manufacture the raw ingredients at its manufacturing facility and will utilize itself and third-party manufacturers for packaging.

NAVCO has obtained ISO 7 and 8 Certification and a site license from Health Canada for its production room. NAVCO operates a BioSafety Level 2 Good Laboratory Practices / Good Manufacturing Practice ("GMP") compliant laboratory and is expanding its range of operations to include diagnostic services for testing various pathogens, including SARS-CoV2, measles virus, cancers. NAVCO is in the process of discerning a wide range of pathogens in connection with the development of vaccines, therapeutics, cancer drugs, and others.

NAVCO is manufacturing nanoparticles for its formulations based on computer data sets derived from its computer models. These nanoparticles are verified at inhouse laboratory and then formulated into final products. Final products are tested and investigated

for biomedical applications. NAVCO provides services within its laboratory for research, biomedical and other commercial purposes.

NAVCO manufactures many of its own ingredients and uses other ingredients from other manufacturers who undergo vendor qualification and enter into quality agreement. NAVCO purchases packaging materials for finished product in similar fashion where packaging materials are verified to be regulatory compliant. The final product is manufactured by NAVCO.

NAVCO has four employees. All personnel have the appropriate skill sets and knowledge to satisfy NAVCO's operations.

Vendors are qualified as per GMP, Health Canada regulatory standards and each vendor's own standards. Primary raw ingredients include silver, gold, zinc, copper, tin, platinum. The prices are affected by market-spot metal prices and other factors. Availability of raw materials are in abundance, and NAVCO continuously qualifies new vendors to ensure a steady and uninterrupted supply remains. Prices of finished products are set at \$12.99 CAD for hand sanitizer spray, \$7.99 for hard surface disinfectants, \$34.95 for hand cream, \$59.95 for Colloidal Silver.

NAVCO has obtained Trademarks in United States and Canada for its two product lines, BioActive™ and BioGuard™, a US patent, and various intents to distribute product domestically and globally.

Sanitizer products are cyclical. Therapeutic products were seasonal but are now becoming a year-round business.

NAVCO business model is based on sustainable and renewable technologies and complies with Canadian environmental and protection laws.

Most of NAVCO's products are dependent on regulatory frameworks and obtaining licenses in foreign countries for the sale and distribution of most of its products.

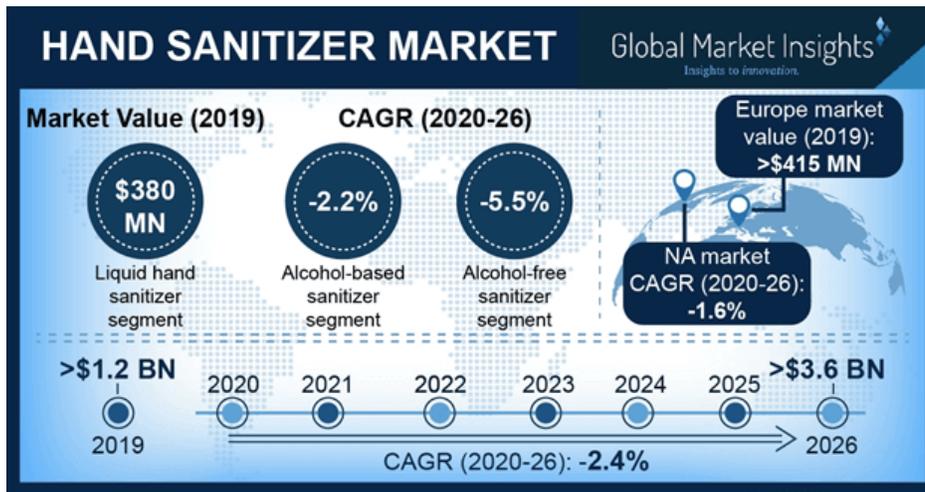
Market

According to a Grand View Research Inc. report, the global hand sanitizer market size was valued at US\$2.7 billion in 2019 and is expected to grow at a compound annual growth rate ("CAGR") of 22.6% from 2020 to 2027. Shifting consumer preference towards convenient hygiene products is expected to drive the market. In addition, the COVID-19 pandemic declared in March 2020 has spurred the market for hand sanitizer. The outbreak has reinforced the significance of regular hand sanitizing and cleaning practices among consumers and is among the prominent factor driving the market.

According to a Technavio Research report, as shown in the graphic below, the global hand sanitizer market is expected to grow by US\$12.3 billion over the forecast period from 2020 to 2024.



As per a Global Market Insights report, as shown in the graphic below, the hand sanitizer market size was US\$1.2 billion in 2019 and will witness a CAGR of -2.4% between 2020 and 2026. COVID-19 significantly impacted consumer behavior to take more preventive measures regarding personal hygiene, especially hand hygiene. People are being advised through advertisements and news to use hand sanitizer often as one may get contracted with the infection unknowingly. This is anticipated to significantly boost the market growth. Due to the COVID-19 pandemic, the market is expected to reach US\$4.1 billion witnessing a 244% year-on-year growth in 2020 over 2019. Subsequently, the growth is expected to decelerate at -2.4% over the forecast period from 2020 to 2026 and the market size is expected to be US\$3.6 billion by 2026.



According to an Inkwood Research report, as shown in the graphic below, the global hand sanitizer market is anticipated to grow at a CAGR of 9.93% between 2020 and 2028 and is anticipated to generate revenue of US\$2.89 billion by 2028.

Marketing Plans and Strategies

NAVCO is not currently marketing its products. It is party to several letters of intent, memoranda of understanding and non-disclosure agreements for the anticipated distribution of its products.

Using novel GRAS (Generally recognized as safe) compounds combined with a novel nanoparticle technology that is recognized as safe to humans and the environment. This technology is environmentally friendly produces virtually no waste in the process of making. Being aqueous solution, non-flammable, non-skin-irritant, with no fragrance, safe to touch on surfaces, retains a long method of action, and continues to protect the user.

NAVCO's plans to distribute and sell the products through distributors, to consumers through social media channels, to retailers for sale to their customers, and directly to the general public. While its professional product lines will be marketed to schools, police, ambulances, clinics and dentists, hospitals, restaurants, retirement homes, researchers, and any staff working with dangerous pathogens. Any personnel involved in sanitation such as sewer cleaners.

NAVCO marketing plan incorporates partnerships with larger institutions such as hospitals, clinics, distributors, social media channels. Magazines, radio advertisements and free product samples are just a few tools the company plans to integrate into its 24/7 marketing efforts. Online videos, demonstrations, including catchy commercials are just a few tools.

The major components of NAVCO's anticipated marketing plan are: social media advertisements; social media influencers; video/commercial production and advertisement; traditional marketing methods; and tradeshow, giveaways and radio advertisements. As part of its marketing plan, NAVCO intends to offer free products to its consumers for posting reviews and videos about its products on social medial platforms.

Pricing of NAVCO's products will be influenced and cover products lines and changes over time as products move through their life cycles. Wholesale distributors pricing will still allow small retailers will be to compete with flexible pricing, which will be dependent on consignment or outright purchases.

Competitive Conditions

The development and manufacture of nanotechnology products and materials is highly competitive and has relatively low barriers to entry. The level of competition has increased in recent years, and larger providers have established a significant market share. Some of NAVCO's competitors are large companies that have significantly greater financial, technical, marketing and other resources; may be able to devote greater resources to the development, promotion, sale and support of their products; may have more extensive customer bases and broader customer relationships; and, may have longer operating histories and more brand recognition. In some cases, these companies may choose to offer their products at lower prices or rates in response to new competitors entering the market. There are also a number of smaller companies that provide a range of products. NAVCO's competitors may develop or offer products that have price or other advantages over the products provided by NAVCO or may be provided in the future. In competing with such companies, NAVCO may be unable to establish demand for its products which could adversely affect the establishment of its operations and ability to generate revenues. Competition also exists for the

recruitment of qualified personnel. See “*Part IV - Information Concerning the Resulting Issuer – Risk Factors*”.

NAVCO’s principal competitors include Reckitt Benckiser Group plc, Procter and Gamble, The Himalaya Drug Company, GOJO Industries, Inc., Henkel AG and Company, Unilever, Vi-Jon, Chattem, Inc., Best Sanitizers, Inc., and Kutol. New competitors may arise in the future, including from India and China.

Competitor prices for surface disinfectants range from \$7 to \$22, compared with NAVCO’s safe to touch surface disinfectant at \$7.99. Competitor prices for hand sanitizer range from \$5 to \$30, compared with NAVCO’s non-toxic and non-flammable disinfectant with novel properties at \$12.99. Competitors currently do not offer hand creams that offer long lasting protection against pathogens. NAVCO’s cream is priced at \$34.95, with a comparison to four boxes of gloves with cumulative total of around \$50.

Future Developments

NAVCO completed testing of its products in December 2020. NAVCO’s products are scheduled to launch in Canada no later than February 2023.

Proprietary Protection

NAVCO relies on intellectual property laws, confidentiality agreements, contractual provisions and similar measures to protect its intellectual property. NAVCO’s contracted service providers and members of its management are required to sign agreements acknowledging that all intellectual property created by them on behalf of NAVCO is owned by NAVCO. NAVCO also has confidentiality and non-competitive contracts with its employees, and contractors.

NAVCO has made two Canadian trademark applications with respect to its products and branding. In addition, NAVCO has received US Patent Provisional Application Number 63/121,730 for a patent application and is currently working on a second patent application. NAVCO intends file additional patents for the use of nanotechnology it develops, as and when warranted.

There can be no assurance that any of NAVCO’s patent applications will be granted, and it often takes a number of years before a patent application is approved. NAVCO may make other trademark, patent or other intellectual property applications in the future.

Despite NAVCO’s efforts to protect its intellectual property, unauthorized persons may attempt to obtain its intellectual property and others may develop similar intellectual property independently.

The Valuation Report

On October 9, 2020, NAVCO received the Valuation Report from the Valuation Author. The Valuation Report estimates a fair market value for NAVCO in the range of \$1,490,000 to \$1,710,000.

In preparing the Valuation Report, the Valuation Author considered and analyzed a number of factors respecting NAVCO, its business, and its industry, including without limitation: NAVCO’s background and history; the Acquired IP and the value thereof; NAVCO’s use of the Acquired IP and development of the NAVCO Intangibles and the NAVCO products described herein; NAVCO’s financial history and financial projections; and the market in which NAVCO operates.

The Valuation Report was rendered on the basis of the economic and general business and financial conditions prevailing as at the date thereof and on information relating to the subject matter thereof as represented to the Valuation Author. As set forth in the Valuation Report, the Valuation Author, subject to the exercise of its professional judgment, relied upon, and assumed the completeness, accuracy and fair presentation of all financial and other information, data, advice, opinions and representations obtained by it from public sources or provided to it and has not attempted to independently verify the accuracy or completeness of such information. The Valuation Report assumes, and is conditional upon, such completeness, accuracy and fair presentation.

The Valuation Author is independent of BMGB and NAVCO. BMGB and NAVCO agreed to pay fees to the Valuation Author in respect of it giving the Valuation Report, and such fees were not contingent upon the conclusions reached by the Valuation Author in the Valuation Report or upon the completion of the Transaction.

A copy of the Valuation Report is available for inspection at the offices of BMGB’s legal counsel, Beadle Raven LLP, at, 600-1090 West Georgia Street, Vancouver, British Columbia, at any time during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following is a summary of selected financial information for NAVCO's business for the periods indicated, which should be read in conjunction with the financial statements included as Exhibit C.

	Financial year ended September 30, 2020 (Audited) (\$)	Financial year ended September 30, 2021 (Audited) (\$)	Nine months ended June 30, 2022 (Unaudited) (\$)
Net sales or total revenues	Nil	Nil	Nil
Income from continuing operations	(673,344)	(524,832)	(100,074)
Net income or loss, in total	(673,344)	(524,832)	(100,074)
Total assets	394,925	286,296	289,094
Total long term financial liabilities	24,716	44,344	40,570
Cash dividends declared	Nil	Nil	Nil

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis ("MD&A") for the financial year ended September 30, 2021 and for the nine months ended June 30, 2022, is incorporated by reference and attached to this Filing Statement as Exhibit D. The MD&A should be read in conjunction with the financial statements for such periods, together with the notes thereto, which are incorporated by reference and attached to this Filing Statement as Exhibit C.

CONSOLIDATED CAPITALIZATION

NAVCO is authorized to issue an unlimited number of Common Shares. As at the date hereof there are 14,500,000 NAVCO Shares issued and outstanding. The following table sets forth the capitalization of NAVCO for the periods indicated.

Designation of Security	Amount Authorized	Amount Outstanding as at June 30, 2022	Amount Outstanding as at the date hereof
Common Shares	Unlimited	14,500,000	14,500,000
Long Term Debt	Nil	Nil	Nil

DESCRIPTION OF SECURITIES

Common Shares

NAVCO is authorized to issue an unlimited number of NAVCO Shares. The holders of NAVCO Common Shares are entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the Shareholders of NAVCO and, upon liquidation, to receive such assets of the Corporation as are distributable to the holders of the NAVCO Common Shares.

Dividend Record and Policy

NAVCO has not declared or paid a dividend in its history.

PRIOR SALES

Since the date of incorporation of NAVCO, NAVCO Common Shares have been issued as follows:

Date	Number of NAVCO Shares	Issue Price per Common Share	Aggregate Issue Price	Consideration Received
May 1, 2020	1,170,000	\$0.05	\$58,500	Acquired IP
May 1, 2020	7,265,000	\$0.05	\$363,250	Cash
October 1, 2020	65,000	\$0.075	\$4,875	Debt Settlement
October 1, 2020	5,400,000	\$0.075	\$405,000	Cash
November 23, 2020	200,000	\$0.075	\$15,000	Cash
December 21, 2020	200,000	\$0.075	\$15,000	Cash
December 23, 2020	200,000	\$0.075	\$15,000	Cash
Total	14,500,000		\$876,625	

EXECUTIVE COMPENSATION

NAVCO is a venture issuer and is disclosing the compensation of its directors and named executive officers in accordance with Form 51-102F6V *Statement of Executive Compensation – Venture Issuers*.

Director and Named Executive Officer Compensation, excluding Compensation Securities

The following table provides information regarding compensation paid, payable, awarded to, or earned by NAVCO's Chief Executive Officer and Chief Financial Officer, (together, the "Named Executive Officers") and any director who is not a Named Executive Officer for the financial years ended September 30, 2020 and September 30, 2021. There were no other executive officers of the Corporation or individuals who individually earned more than \$150,000 in total compensation.

Name and Position	Year	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites (\$)	Value of All Other Compensation (\$)	Total Compensation (\$)
Marek Jasinski CEO and Director	2020	160,500	Nil	Nil	Nil	Nil	160,500
	2021	96,000					96,000
Chris Cooper CFO and Director	2020	136,950	Nil	Nil	Nil	Nil	136,950
	2021	54,086					54,086
Thomas Jusdanis Director	2020	84,207	Nil	Nil	Nil	Nil	84,207
	2021	52,800					52,800
Glen Champion Director	2020	13,180	Nil	Nil	Nil	Nil	13,180
	2021	Nil					Nil
Akbar Khan Director	2020	16,250	Nil	Nil	Nil	Nil	16,250
	2021	Nil					Nil

Stock Options and Other Compensation Securities

NAVCO does not have a stock option plan and has not issued any stock options or other compensation securities.

Employment, Consulting and Management Agreements

The Corporation is not party to any employment, consulting or management agreements with any director or Named Executive Officer.

Oversight and Description of Director and Name Executive Officer Compensation

The board of directors has the responsibility for determining compensation for the directors and senior management (including the Named Executive Officers).

NON-ARM'S LENGTH PARTY TRANSACTIONS

On February 28, 2020, NAVCO acquired the Acquired IP from 100THX pursuant to the IP Assignment Agreement. As consideration for the Acquired IP, NAVCO issued an aggregate of 1,170,000 NAVCO Shares to 100THX at a deemed value of \$0.05 per NAVCO Share, representing aggregate consideration of \$58,500. 100THX is controlled by Marek Jasinski, who is also CEO and a director of NAVCO.

LEGAL PROCEEDINGS

There are no legal proceedings material to NAVCO to which NAVCO is a party or of which any of its property is the subject matter, and there are no such proceedings known to NAVCO to be contemplated.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of NAVCO is K.R. Margetson Ltd., of North Vancouver, British Columbia. K.R. Margetson Ltd. has been the auditor of NAVCO since inception.

NAVCO does not have a transfer agent and registrar for the NAVCO Common Shares.

MATERIAL CONTRACTS

The following are the material contracts of the Corporation as of the date of this Filing Statement:

- (a) the IP Assignment Agreement;
- (b) the Lease Agreement and the Lease Extension Agreement;
- (c) the Loan Agreement;
- (d) the LOC Loan Agreement;
- (e) the General Security Agreement; and
- (f) the Share Exchange Agreement.

Copies of these agreements will be available for inspection at the offices of the Corporation's legal counsel, Beadle Raven LLP, at, 600-1090 West Georgia Street, Vancouver, British Columbia, at any time during ordinary business hours until the Closing Date and for a period of 30 days thereafter.

PART IV - INFORMATION CONCERNING THE RESULTING ISSUER

The following information is presented on a post-Transaction basis and is reflective of the projected business, financial and share capital position of BMGB, as the Resulting Issuer, after giving effect to the Transaction and the Private Placement. This section only includes information respecting the Resulting Issuer after the Transaction that is materially different from information provided earlier in this Filing Statement under “Information Concerning BMGB”.

CORPORATE STRUCTURE

The Resulting Issuer was incorporated on April 21, 2018 under the BCBCA as “1161317 B.C. Ltd.” and changed its name to “BMGB Capital Corp.” on June 4, 2018. In conjunction with Closing, the Resulting Issuer will change its name to “NAVCO Pharmaceuticals Inc.” The Resulting Issuer’s registered and records office will be located at #600 – 1090 West Georgia Street, Vancouver, BC V6E 3V7. Following Closing, the Resulting Issuer will have one wholly-owned subsidiary, NAVCO.

NARRATIVE DESCRIPTION OF THE BUSINESS

Business Objectives

Following Closing of the Transaction, the Resulting Issuer will be a “Life Sciences” issuer under the policies of the Exchange and the Resulting Issuer’s business will be NAVCO’s business, being manufacturing and researching nano-technology products and materials using computerized nano-meter algorithms. The Resulting Issuer’s business objectives are to develop, commercialize, manufacture and distribute NAVCO Aerosol Spray, NAVCO Cream and NAVCO Nano Silver.

See “Part II - Information Concerning the Proposed Qualifying Transaction” and “Part III – Information Concerning NAVCO Pharmaceuticals Limited.”

Milestones

To pursue the foregoing business objectives, the Resulting Issuer will focus on the following milestones:

1. DIN Number License, anticipated December 2023 at a cost of approximately \$10,000;
2. FDA Registration, anticipated December 2023 at a cost of approximately \$60,000;
3. Other jurisdiction regulatory approvals, anticipated 2023 at a cost of approximately \$30,000; and
4. Other patent applications, anticipated February 2023 at a cost of approximately \$10,000.

See “Part II - Information Concerning the Proposed Qualifying Transaction” and “Part III – Information Concerning NAVCO Pharmaceuticals Limited.”

DESCRIPTION OF SECURITIES

Resulting Issuer Common Shares

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Common Shares. The holders of Resulting Issuer Common Shares will be entitled to dividends if, as and when declared by the directors, to one vote per share at meetings of the Shareholders of the Corporation and, upon liquidation, to receive such assets of the Resulting Issuer as are distributable to the holders of the Resulting Issuer Common Shares.

On Closing of the Transaction, and assuming that BMGB raises \$2,000,000 under the Private Placement, the Corporation will have 39,613,333 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 11.61% of the shares of the Corporation, participants in the Private Placement would hold approximately 33.66% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 53.87% of the shares of the Resulting Issuer and the Finder would hold approximately 0.86% of the shares of the Resulting Issuer. If BMGB instead raises \$2,500,000 under the Private Placement, the Corporation will have 42,946,667 common shares issued and outstanding. The current Shareholders of BMGB would hold approximately 10.71% of the shares of the Corporation, participants in the Private Placement would hold approximately 38.81% of the shares of the Corporation, the NAVCO Shareholders would hold approximately 49.69% of the shares of the Resulting Issuer and the Finder would hold approximately 0.79% of the shares of the Resulting Issuer.

Dividend Record and Policy

It is anticipated that the Board of Directors of the Resulting Issuer will determine a dividend policy for the Resulting Issuer, which will take into consideration such factors as the Resulting Issuer's financial performance; its current and anticipated business needs and priorities at that time; the satisfaction of solvency tests imposed by the BCBCA for the declaration of dividends; and other relevant factors.

PRO FORMA CONSOLIDATED CAPITALIZATION OF THE RESULTING ISSUER

The following table sets forth the capitalization of the Resulting Issuer after giving effect to the Private Placement and the transactions contemplated by the Proposed Qualifying Transaction:

Designation of Security	Amount Authorized	Amount Outstanding after Giving Effect to the Transaction	Amount Outstanding After Giving Effect to the Transaction and the Minimum Private Placement	Amount Outstanding After Giving Effect to the Transaction and the Maximum Private Placement
Common Shares	Unlimited	26,280,000 ⁽¹⁾⁽²⁾	39,613,333 ⁽¹⁾⁽²⁾	42,946,667 ⁽¹⁾⁽²⁾
Options	10% of issued and outstanding shares at time of grant	2,750,000 ⁽³⁾	2,750,000 ⁽³⁾	2,750,000 ⁽³⁾
Long Term Debt	Nil	Nil	Nil	Nil

Notes:

- (1) Of these shares, 2,000,000 are subject to the CPC Escrow Agreement. See “*Escrowed Securities*” below.
- (2) Of these shares, 9,606,393 will be subject to the Resulting Issuer Escrow Agreement. See “*Escrowed Securities*” below.
- (3) This number includes the 450,000 BMGB Options currently outstanding and the 2,300,000 Resulting Issuer Options to be issued on Closing (1,650,000 Resulting Issuer Options will be issued to officers and directors of the Resulting Issuer (See “*Proposed Compensation*” below), and the remaining 650,000 BMGB Options will be issued to employees and consultants).

FULLY DILUTED SHARE CAPITAL

In addition to the information set out in the capitalization table above, the following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Private Placement and Proposed Qualifying Transaction:

Description of Security	Number of Securities	%age of total (if minimum Private Placement amount)	%age of total (if maximum Private Placement amount)
Resulting Issuer Common Shares currently issued and outstanding	4,600,000	8.10%	7.22%
Resulting Issuer Common Shares to be issued under the Share Exchange Agreement	21,340,000	37.59%	33.50%
Resulting Issuer Common Shares to be issued under the Private Placement	13,333,333 (if minimum Private Placement amount) 16,666,667 (if maximum Private Placement amount)	23.49%	26.17%
Resulting Issuer Common Shares to be issued upon exercise of the warrants issued under the Private Placement	13,333,333 (if minimum Private Placement amount) 16,666,667 (if maximum Private Placement amount)	23.49%	26.17%

	Placement amount)		
Resulting Issuer Common Shares to be issued upon exercise of the Finder's Warrants issued under the Private Placement	1,066,667 (if minimum Private Placement amount) 1,333,333 (if maximum Private Placement amount)	1.88%	2.09%
Resulting Issuer Common Shares to be issued to the Finder in conjunction with Closing	340,000	0.60%	0.53%
Resulting Issuer Common Shares to be issued upon exercise of Stock Options	2,750,000	4.84%	4.32%
Total	56,763,333 (if minimum Private Placement amount) 63,696,667 (if maximum Private Placement amount)	100%	100%

OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES

The Stock Option Plan will be the stock option plan of the Resulting Issuer upon Completion of the Qualifying Transaction. The aggregate number of Common Shares issuable upon exercise of all options granted under the Stock Option Plan shall not exceed 10% of the Resulting issuer Common Shares issued and outstanding. The Board of Directors of the Resulting Issuer will determine the price per Resulting Issuer Common Share, the number of Resulting Issuer Common Shares which may be allotted to each director, officer, employee and consultant, the vesting terms and all other terms and conditions of the option, subject to the rules of the TSXV. Options are exercisable for a period of up to 10 years. The price per Resulting Issuer Common Share set by the Board of Directors shall not be less than the last closing price of the Resulting Issuer Common Shares on the TSXV prior to the date on which such option is granted, less the applicable discount permitted (if any) by the TSXV. If prior to the exercise of an option, the holder ceases to be a director, officer, employee or consultant of the Resulting Issuer or any of its subsidiaries, the option of the holder shall be limited to the number of shares purchasable by him/her immediately prior to the time of his/her cessation of office or employment and he/she will have no right to purchase any other shares.

There are 450,000 BMGB Options issued and outstanding under the Stock Option Plan. In conjunction with Closing the Transaction, the Corporation intends to issue an aggregate of 2,300,000 Resulting Issuer Options. See "Part IV – Information Concerning the Resulting Issuer – Pro Forma Consolidated Capitalization of the Resulting Issuer."

SELECTED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected pro forma financial information as at June 30, 2022 of the Resulting Issuer assuming Completion of the Proposed Qualifying Transaction and should be read in conjunction with the unaudited pro forma financial statements and related notes attached hereto as Exhibit E:

Pro Forma Balance Sheet	BMGB as at June 30, 2022 (\$)	NAVCO as at June 30, 2022 (\$)	Pro Forma Adjustments (\$)	Resulting Issuer (\$)
Current Assets	112,171	57,349	2,314,628	2,484,148
Intangible Assets and Goodwill	-	47,300	-	47,300
Other Assets	-	161,769	-	161,769
Total Assets	112,171	266,418	2,314,628	2,693,217
Current Liabilities	108,700	896,592	(110,390)	894,902
Other Liabilities	-	32,469	-	32,469
Total Liabilities	108,700	929,061	(110,390)	927,371
Shareholders' Equity (Deficiency)	3,472	(662,643)	2,425,018	1,765,847

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

As at October 31, 2022, the Corporation had approximately \$27,000 in working capital. Upon Closing of the Transaction and the Private Placement, the Corporation will have approximately \$2,027,000 of funds available if the gross proceeds of the Private Placement is the minimum of \$2,000,000, or approximately \$2,527,000 of funds available if the gross proceeds of the Private Placement is the maximum of \$2,500,000.

The principal purpose of such funds, after giving effect to the Transaction and for the 12 months thereafter, will be for, among other things, developing NAVCO's business. It is anticipated that the Resulting Issuer will use such funds as follows:

Description	Budgeted Expenditures Assuming Minimum Private Placement of \$2,000,000 (\$)	Budgeted Expenditures Assuming Maximum Private Placement of \$2,500,000 (\$)
Operating Costs		
Production	110,000	135,000
Marketing	20,000	75,000
Management and Consulting Fees ⁽¹⁾	270,000	325,000 ⁽²⁾
Professional Fees ⁽³⁾	80,000	150,000 ⁽⁴⁾
Miscellaneous ⁽⁵⁾	25,000	100,000 ⁽⁶⁾
Capital Costs		
Purchases of Equipment	60,000	125,000
Production Lines Operations	65,000	120,000
Inventory and Logistics		
Warehousing and Shipping	95,000	110,000
Supply Chain Management	118,000	170,000
Deficit from NAVCO Financial Statements	839,243	839,243
Finder's Fees under Private Placement	160,000 ⁽⁷⁾	200,000 ⁽⁷⁾
Transaction Costs	75,000 ⁽⁸⁾	75,000 ⁽⁸⁾
Unallocated Working Capital	109,757	102,757
Total	2,027,000	2,527,000

Notes:

- (1) These amounts include proposed management and consulting fees of \$240,000 to be paid to the directors and officers of the Resulting Issuer, with the remaining amount to be paid for third party consultants for patents, patent consulting and patent filings and similar intellectual property matters. See "Part IV - Information Concerning the Resulting Issuer – Proposed Compensation."
- (2) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to engage additional employees and/or consultants to accelerate and expand its business.
- (3) These amounts include legal and audit fees.
- (4) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to accelerate and expand its business which will result in increased professional fees (e.g., increased legal fees for patent applications).
- (5) These amounts include regulatory and compliance filing fees, D&O insurance, transfer agent and bank costs and miscellaneous office costs.
- (6) If greater than the minimum Private Placement amount is raised, the Resulting Issuer intends to accelerate and expand its business which will result in increased miscellaneous costs (e.g., increased regulatory and compliance filing fees).
- (7) These amounts assume an 8% Finder's Fee is paid on all proceeds raised in the Private Placement.
- (8) Transaction costs are comprised of approximately \$50,000 in legal fees, \$10,000 in professional fees – audit and accounting, and \$15,000 in listing and other filing fees.

The Resulting Issuer will spend the funds available to it on Completion of the Proposed Qualifying Transaction and for the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a

reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer may require additional funds in order to fulfill all of its business requirements and objectives, in which case the Resulting Issuer expects to either issue additional securities or incur indebtedness. There is no assurance that additional funding required by the Resulting Issuer will be available if required.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of BMGB, the following table lists those persons who will legally or beneficially own, directly or indirectly, 10% or more of the voting securities of the Resulting Issuer following completion of the Transaction and the Private Placement.

Name and Municipality of Residence	Type of Ownership	Number of Common Shares	Percentage owned prior to Completion of Private Placement and Transaction	Percentage owned following Completion of Private Placement (Minimum Amount) and Transaction	Percentage owned following Completion of Private Placement (Maximum Amount) and Transaction
Marek Jasinski Burlington, ON	Direct and Indirect	5,739,724 ⁽¹⁾	0%	14.49% ⁽²⁾⁽³⁾	13.36% ⁽²⁾⁽⁴⁾

Notes:

- (1) These Resulting Issuer Shares will be subject to the Resulting Issuer Escrow Agreement. See “*Information Concerning the Resulting Issuer – Escrowed Securities*” for additional information.
- (2) Assuming Mr. Jasinski does not participate in the Private Placement.
- (3) 10.11% on a fully diluted basis.
- (4) 9.01% on a fully diluted basis.

Upon completion of the Transaction and the Private Placement, a total of 9,606,343 Resulting Issuer Shares (approximately 24.25% of the Resulting Issuer Shares if the minimum Private Placement is completed; approximately 22.37% of the Resulting Issuer Shares if the maximum Private Placement is completed) will be held by Insiders of the Resulting Issuer, assuming that no Insider participates in the Private Placement.

DIRECTORS AND OFFICERS

Directors and Officers of the Resulting Issuer

The board and management of the Resulting Issuer will be comprised of the following persons: Geoffrey Lee (CEO and director), Marek Jasinski (COO and director), Chris Cooper (CFO), Thomas Jusdanis (Corporate Secretary and director), Akbar Khan (director) and Peter Espig (director). Their municipalities of residence, the number of voting securities of the Resulting Issuer to be beneficially owned by them, directly or indirectly, or over which they exercise control or direction, upon completion of the Transaction and the Transaction, and their principal occupations during the past five years are as follows:

Name, Residence and Current Position(s) with the Corporation	Principal Occupation or Employment during the Past Five Years ⁽¹⁾	Director Since ⁽²⁾	Number of Common Shares
Geoffrey Lee Vancouver, BC CEO and Director ⁽³⁾	Advisor and consultant respecting business development, corporate administration and governance.	N/A ⁽⁴⁾	Nil
Marek Jasinski Burlington, ON COO and Director	CEO of NAVCO Pharmaceuticals Limited; CEO of 100THX; Founder of Intranet Planet Inc., a technology company, until July 2018; Consultant respecting research and scientific advancement in the areas of genetics, particle physics, and others.	N/A ⁽⁴⁾	5,739,724
Chris Cooper Vancouver, BC CFO	Consultant; 19 years of experience in management and finance in the oil and gas industry starting several junior issuers.	N/A	1,474,668

Name, Residence and Current Position(s) with the Corporation	Principal Occupation or Employment during the Past Five Years ⁽¹⁾	Director Since ⁽²⁾	Number of Common Shares
Thomas Jusdanis Hamilton, ON Corporate Secretary and Director	Consultant and Licensed Real Estate Sales Representative.	N/A ⁽⁴⁾	1,913,241
Akbar Khan Scarborough, ON Director ⁽³⁾	Founder and Medical Director of Medicor Cancer Centres, a provider of integrative non-toxic cancer therapy, and Sano Via Wellness, a wellness clinic.	N/A ⁽⁴⁾	478,710
Peter Espig Vancouver, BC Director ⁽³⁾	President and CEO of Nicola Mining Inc., a mineral exploration company, since November 2013; CEO of Sweet Earth Holdings Corporation, a hemp grower, since May 2020; Founder TriAsia Capital, a private equity and consulting firm focused on raising capital for mid-sized company and pre-initial public offering investment and consulting; Founding director of Phosplatin Therapeutics, a private biopharmaceutical company, since November 2010.	N/A ⁽⁴⁾	Nil

Notes:

- (1) Unless otherwise indicated, to the knowledge of the applicable officer or director, the organization at which the officer or director was occupied or employed is still carrying on business.
- (2) Each director of the Corporation ceases to hold office immediately before an annual general meeting for the election of directors is held but is eligible for re-election or re-appointment.
- (3) Member of the audit committee.
- (4) Will be appointed as a director of the Resulting Issuer in conjunction with Closing.

Management and Directors

The following is a brief description of the key management and directors and officers of the Resulting Issuer. None of the officers or directors of the Resulting Issuer is an employee of the Corporation or will be an employee of the Resulting Issuer, and none has entered into any non-competition or non-disclosure agreements with the Corporation or the Resulting Issuer.

Geoffrey Lee – Chief Executive Officer and Director – Age 61

Geoffrey Lee is Partner & Advisory Board Chair of Functional Soda Company, a Principal of Bellwether Investments since 2013, a Principal of Ormidale Ltd. since 2014 and an advisor to Fair Ticket Solutions Inc. since 2014. He provides strategic, operational & board level leadership with hands-on experience taking innovative technologies, products and services from early-stage finance & the lab bench to commercial sales & partnerships with global scale. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

Geoffrey will devote approximately 50% of his time to the affairs of the Resulting Issuer.

Marek Jasinski – Chief Operating Officer and Director – Age 46

Marek Jasinski is a serial entrepreneur with skills in technological and scientific disciplines. He has driven some of the fastest growing industries and companies globally, from founding the Pay-per-click model to innovating the most sought-after technologies. Driven by a passion for science, a thirst for knowledge, and a determination to succeed, Marek's career in technology reveals a straightforward business value creation to the current extraordinary mission of NAVCO Pharmaceuticals. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

Marek will devote approximately 95% of his time to the affairs of the Resulting Issuer.

Chris Cooper - Chief Financial Officer- Age 52

Chris Cooper has over 20 years of extensive business experience in all facets of corporate development, senior management, finance and operations, in both the private and public sectors. His experience includes spearheading growth strategies, financial reporting, quarterly and annual budgets, overseeing corporate administration, while achieving company objectives and maintaining internal

cost controls. Chris has held a Director position in several private and public companies over the past 20 years. He received his Bachelor of Business Administration from Hofstra University and his Master's in Business Administration from Dowling College in New York. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

Chris will devote approximately 25% of his time to the affairs of the Resulting Issuer.

Thomas Jusdanis— Corporate Secretary and Director - Age 65

Thomas Jusdanis has a broad range of business skills with extensive, executive and management experience, from R&D, industrial development, restaurant operations and retail telecom industry for one the largest companies in Canada. He was the corporate secretary and director of a reporting issuer in Ontario for a start-up R&D company in the forefront of data transfer technology in the 80's. The company then transitioned into a 400,000 sq ft industrial property ownership and management. He went on to become President of a very successful internet start-up focusing a searchable online database of unclaimed assets. He was involved from its infancy when it started with a pay per call multi-line 900 service. The company soon expanded onto the Internet where no such online searchable database existed for unclaimed assets. The company generated millions of dollars in online sales of non-tangible goods. A new industry was born. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

Thomas will devote approximately 95% of his time to the affairs of the Resulting Issuer.

Akbar Khan— Director – Age 53

Dr. Akbar Khan, MD, is the founder and Medical Director of Medicor Cancer Centres and Sano Via Wellness. For the last 27 years his practice has consisted of providing personalized, innovative care for his patients. He has several publications in the field of metabolic cancer therapy. In 2018, he received the title of “Integrative Medical Doctor” from the Board of Integrative Medicine. Dr. Khan is one of 3 physicians in Canada to have earned a fellowship from the American Academy of Ozone Therapy. Dr. Khan acts as a volunteer medical advisor for the LDN Research Trust and the Canadian Vaping Association. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

Akbar will devote approximately 5% of his time to the affairs of the Resulting Issuer.

Peter Espig— Director – Age 56

Peter Espig has served as the CEO of Nicola Mining Inc., where he was brought on to save the company from imminent insolvency; he led the company into and out of CCAA and the market capitalization has increased fivefold under his helm. He is also the CEO of Seaway Energy Inc. and is the former CFO and CEO of Long Harbour Capital, which he successfully led it through its acquisition. He has served on numerous boards, audit committees and special committees on NASDAQ, TSX and in the private sector, internationally. He is a global pioneer in special acquisition companies (SPACs) and is an experienced turnaround expert in multiple business sectors on an international scale by leveraging expertise in the analysis of investment opportunities, raising capital, deal sourcing, financial restructuring, and growing businesses. To his knowledge, all of his employers during the last five years are carrying on business as of the date hereof. He has not signed a non-disclosure agreement or non-competition agreement with the Company.

He was a Chazen International Scholar at Columbia University (MBA), a member of the 1986 UBC National Championship football team and is an active philanthropist.

Peter will devote approximately 20% of this time to the affairs of the Resulting Issuer.

Committees of the Resulting Issuer Board of Directors

The board of directors of the Resulting Issuer will have one committee following Completion of the Proposed Qualifying Transaction: the Audit Committee.

Audit Committee

The Audit Committee will be comprised of Geoffrey Lee, Akbar Khan and Peter Espig. Messrs. Khan and Espig will meet the requirements for independence under NI 52-110, while Mr. Lee will not be independent as he will be CEO of the Resulting Issuer.

Peter Espig will be the chair of the Audit Committee.

Each of the members of the Audit Committee meets the requirements for being “financially literate” within the meaning of NI 52-110. For the purposes of NI 52-110, an individual is financially literate if he or she 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. All members of the Audit Committee have experience reviewing financial statements and dealing with related accounting and auditing issues. For a description of the education and experience of each proposed member of the Resulting Issuer’s Audit Committee relevant to the performance of his duties as a member of the Resulting Issuer’s Audit Committee, see “– *Management and Directors*” above. The Audit Committee’s main function will be to oversee the Resulting Issuer’s accounting and financial reporting processes, internal systems of control, independent auditor relationships and the audits of the Resulting Issuer’s financial statements. The Corporation has adopted a written charter of the Audit Committee, which is attached to this Filing Statement as Exhibit F.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other Issuers that are or were reporting issuers in any jurisdiction:

Name	Name of Reporting Issuer	Exchange	Position(s)	From	To
Geoffrey Lee	N/A				
Marek Jasinski	N/A				
Chris Cooper	Aroway Energy Inc.	TSXV	Director/ Officer	Oct 2010	May 2017
	Harry Manufacturing Inc.	CSE	Director	Nov 2015	Oct 2018
	Westridge Resources Inc.	TSXV	Director/ Officer	Nov 2015	Oct 2018
	Leocor Ventures Inc.	CSE	Director	Sept 2018	June 2020
	Pucara Gold Ltd.	TSXV	Director	Jan 2018	Sept 2020
	Bullion Gold Resources Corp.	TSXV	Director/ Officer	June 2018	Nov 2020
	Fusion Gold Ltd.	TSXV	Director	July 2018	Feb 2021
	Counterpath Corporation	TSX/ Nasdaq	Director	Aug 2005	March 2021
	StartMonday Technology Corp.	CSE	Director/ Officer	April 2019	April 2021
	Alpha Lithium Corp.	TSXV	Director	April 2018	Present
	Planet Ventures Inc.	TSXV	Director	Jan 2016	Present
	Reparo Energy Partners Corp.	TSXV	Director/ Officer	Jan 2003	Present
	Sweet Earth Holdings Corp.	CSE	Director/ Officer	May 2020	Present
	Level 14 Ventures Ltd.	CSE	Director	Sept 2020	Present
	Coloured Ties Capital Inc.	TSXV	Director	April 2020	Present
	New Leaf Ventures Inc.	CSE	Director	Feb 2020	Present
Manning Ventures Inc.	TSXV	Director	Oct 2019	Present	

	Savannah Minerals Corp.	TSXV	Director	Sept 2017	Nov 2021
	Global Helium Corp.	CSE	Director	Nov 2013	Present
	Spod Lithium Corp.	CSE	Director/ CEO	April 2020	Present
	Xcite Resources Inc.	N/A	Director/CEO	Feb 2021	Present
Thomas Jusdanis	N/A				
Akbar Khan	N/A				
Peter Espig	Nicola Mining Inc.	TSXV	Director	May 2011	Present
	Makara Mining Corp.	CSE	Director	April 2020	May 2020
	BMEX Gold Inc.	TSXV	Director	Dec 2017	March 2021
	Element 29 Resources Inc.	TSXV	Director	July 2020	Present
	Sweet Earth Holdings Corporation	CSE	Director	Oct 2016	Present

Conflicts of Interest

There are potential conflicts of interest to which the proposed directors, officers and Insiders of the Resulting Issuer will be subject in connection with the operations of the Resulting Issuer. Each of the directors and officers of the Resulting Issuer may be or already are associated with other reporting issuers or other corporations which may give rise to conflicts of interest. Certain of the directors have either other employment or other business or time restrictions placed on them and accordingly, these directors will only be able to devote part of their time to the affairs of the Resulting Issuer. Some of the directors, officers and Insiders have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporation on their own behalf and on behalf of other corporations. Conflicts, if any, will be subject to the procedures and remedies prescribed by the BCBCA and applicable Securities Laws, regulations and policies (including the policies of the stock exchange on which the Resulting Issuer's shares may then trade). See also "*Part IV - Information Concerning the Resulting Issuer - Risk Factors*".

Public Company Involvement, Corporate Cease Trade Orders or Bankruptcies

Except as disclosed below, during the past ten years, none of the proposed directors or officers of the Resulting Issuer were directors, officers or promoters of any other reporting issuer as defined under applicable securities legislation that was, during his tenure, the subject of a cease trade order or similar order or an order that denied that Issuer access to any statutory exemptions for a period of more than 30 consecutive days, or was declared bankrupt or made a voluntary assignment in bankruptcy, 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 that Issuer.

Chris Cooper was an officer and a director of Reparo Energy Partners Corp., a company which subsequently delisted, when it was cease traded on March 6, 2015. On October 29, 2015, Mr. Cooper was subject to a management cease trade order in respect of Aroway Energy Inc., for failure to file financial statements, and subsequently Aroway Energy Inc. was cease traded. Mr. Cooper was a director of Edge Resources Inc. when it was cease traded on August 5, 2018, subsequent to which it was delisted. Mr. Cooper is also a director of StartMonday Technology Corp. and was subject to a management cease trade order dated May 1, 2019, for unfiled financial statements. StartMonday Technology Corp. was subsequently delisted while the management cease trade order remained in effect.

On April 29, 2016, Edge Resources Inc., ("Edge"), of which Mr. Cooper was a director, received an order of the Court of Queen's Bench of Saskatchewan appointing Grant Thornton as receiver over the company's Saskatchewan-based assets and, on September 2, 2016, received an order of the Court of Queen's Bench of Alberta appointing Grant Thornton as receiver over the company's Alberta-based assets. The receiver was discharged on the Alberta-based assets on December 19, 2016 and on the Saskatchewan-based assets on February 1, 2017. On August 5, 2016, Edge received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a receiver had been appointed for Edge on April 29, 2016, the officers and directors

of Edge were no longer in control of the assets or undertaking of Edge, being replaced by Grant Thornton as receiver. This made it impossible, following such date, for the directors of Edge to affect the continuance of Edge's public filings.

Penalties or Sanctions

None of the proposed directors, officers or Control Persons of the Resulting Issuer have been subject to any penalties or sanctions imposed by a Court or by a securities regulatory authority relating to securities legislation, has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable security holder making a decision about the Proposed Qualifying Transaction.

Individual Bankruptcies

None of the proposed directors, officers or Control Persons of the Resulting Issuer or a personal holding company of such persons have, during the past ten years, been declared bankrupt or made a voluntary assignment in bankruptcy, made a proposal under bankruptcy or insolvency legislation or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold his assets.

PROPOSED COMPENSATION

The following table sets out the proposed annual compensation to be paid for the 12 month period after giving effect to the Proposed Qualifying Transaction to the following officers of the Resulting Issuer:

Name and Principal Position	Annual Compensation ⁽¹⁾⁽²⁾			Long Term Compensation		Total Compensation (\$)
	Salary (\$)	Bonus (\$)	Other Annual Compensation (\$)	Securities Under Stock Options	All Other Compensation	
Geoffrey Lee CEO and Director	90,000	-	-	\$80,500 (350,000 stock options) ⁽³⁾	-	170,500
Marek Jasinski COO and Director	80,000	-	-	\$80,500 (350,000 stock options) ⁽³⁾	-	160,500
Chris Cooper CFO	10,000	-	-	\$57,500 (250,000 stock options) ⁽³⁾	-	67,500
Thomas Jusdanis Corporate Secretary and Director	60,000	-	-	\$80,500 (350,000 stock options) ⁽³⁾	-	140,500
Akbar Khan Director	Nil	-	-	\$34,500 (150,000 stock options) ⁽³⁾	-	34,500
Peter Espig Director	Nil	-	-	\$46,000 (200,000 stock options) ⁽³⁾	-	46,000

Notes:

- (1) Amounts presented are in Canadian dollars unless otherwise noted.
- (2) The amounts reported reflect the compensation proposed to be paid to these individuals during the 12 month period following Completion of the Proposed Qualifying Transaction.
- (3) Stock options to be issued on Closing of the Transaction, with each stock option to be exercisable for one BMGB Share at an exercise price of \$0.15 per share for 10 years from the date of grant. Each option has a Black-Scholes value of \$0.23.

In addition to the 1,650,000 stock options reflected in the table above, the Resulting Issuer will also issue an additional 650,000 stock options to employees and consultants on Closing of the Transaction, with each stock option to be exercisable for one BMGB Share at an exercise price of \$0.15 per share for 10 years from the date of grant.

Following Completion of the Proposed Qualifying Transaction, it is anticipated that non-management directors will be reimbursed

for transportation and other out-of-pocket expenses incurred for attendance at Board meetings and in connection with discharging their director functions.

It is expected that, following the Completion of the Proposed Qualifying Transaction, the Resulting Issuer's Board will set guidelines for determining the short-term and long-term compensation of executive officers based on their performance, the compensation of executive officers at comparable companies, compensation in previous years, the experience and skills of the officer and any other factor the committee determines to be relevant. The Resulting Issuer's Board will, in its discretion, recommend annual and long-term performance goals and objectives for the executive officers to the board of directors of the Resulting Issuer. The Resulting Issuer's Board will evaluate the performance of the Chief Executive Officer and the other named executive officers in light of the approved performance goals and objectives. The Resulting Issuer's Board will also review and recommend the compensation for independent directors and committee members for approval by the board of directors on an annual basis.

INDEBTEDNESS OF DIRECTORS AND OFFICERS

No individual who is a director or officer of BMGB or a proposed director or officer of the Resulting Issuer or any individual was a director or officer of BMGB at any time during the most recently completed financial year, or any of its Insiders or Affiliates, is or has been indebted to BMGB or whose indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by BMGB, nor is any such person expected to be indebted to the Resulting Issuer on the completion of the Transaction.

ESCROWED SECURITIES

Summary

An aggregate of 9,606,343 Resulting Issuer Common Shares will be placed in escrow pursuant to the Resulting Issuer Escrow Agreement and will be released in accordance with the terms thereof. In addition, an aggregate of 2,000,000 CPC Escrow Shares will continue to be held in escrow pursuant to the CPC Escrow Agreement and will be released in accordance with the terms thereof.

Escrowed Securities

The following table lists, to the knowledge of BMGB as of the date of this Filing Statement, the holders of escrowed securities, the number of securities held in escrow, and the percentage of securities held in escrow by each person who will be a holder of escrowed securities before and after the Transaction.

Name and Municipality of Residence of Securityholder	Designation of Class	Before Giving Effect to the Transaction		After Giving Effect to the Transaction ⁽¹⁾	
		Number of Securities Held in Escrow	Percentage of Class	Number of Securities to be held in Escrow	Percentage of Class
Marek Jasinski Burlington, ON	Common Shares	0	-	5,739,724 ⁽²⁾	21.84%
Chris Cooper Vancouver, BC	Common Shares	0	-	1,474,668 ⁽²⁾	5.61%
Thomas Jusdanis Hamilton, ON	Common Shares	0	-	1,913,241 ⁽²⁾	7.28%
Akbar Khan Scarborough, ON	Common Shares	0	-	478,710 ⁽²⁾	1.82%
Lucas Birdsall Vancouver, BC	Common Shares	1,400,000 ⁽³⁾	30.43%	1,400,000 ⁽³⁾	5.33%
Sean Bromley Vancouver, BC	Common Shares	200,000 ⁽³⁾	4.35%	200,000 ⁽³⁾	0.76%
Brian Morrison North Vancouver, BC	Common Shares	250,000 ⁽³⁾	5.43%	250,000 ⁽³⁾	0.95%
Patrick O'Flaherty North Vancouver, BC	Common Shares	150,000 ⁽³⁾	3.26%	150,000 ⁽³⁾	0.57%
Total	Common Shares	2,000,000 ⁽³⁾	43.48%	11,606,343 ⁽⁴⁾	44.74%

Notes:

- (1) The information provided is being given before giving effect to the Private Placement. No securities issued under the Private Placement are anticipated to be subject to escrow.
- (2) Held pursuant to the Resulting Issuer Escrow Agreement.
- (3) Held pursuant to the CPC Escrow Agreement.
- (4) 2,000,000 Common Shares are held pursuant to the CPC Escrow Agreement, and 9,606,343 Common Shares will be held pursuant to the Resulting Issuer Escrow Agreement.

In accordance with Exchange Policy 5.4, the Common Shares held under the Resulting Issuer Escrow Agreement shall be released in accordance with the following timeline for Tier 2 Issuers. In the event the Resulting Issuer meets the TSXV's Tier 1 initial listing requirements either at the time of the Final Exchange Bulletin or thereafter, the release of the Common Shares will be amended to comply with the Tier 1 release schedule as follows.

Release Dates	Tier 1 Issuer: Percentage of Total Escrowed Securities to be released	Tier 2 Issuer: Percentage of Total Escrowed Securities to be released
On the issuance of the Final Exchange Bulletin	10% of the escrowed securities	5% of the escrowed securities
6 months after the issuance of the Final Exchange Bulletin	20% of the remaining escrowed securities	5% of the remaining escrowed securities
12 months after the issuance of the Final Exchange Bulletin	30% of the remaining escrowed securities	10% of the remaining escrowed securities
18 months after the issuance of the Final Exchange Bulletin	40% of the remaining escrowed securities	10% of the remaining escrowed securities
24 months after the issuance of the Final Exchange Bulletin	-	15% of the remaining escrowed securities
30 months after the issuance of the Final Exchange Bulletin	-	15% of the remaining escrowed securities
36 months after the issuance of the Final Exchange Bulletin	-	40% of the remaining escrowed securities

The CPC Escrow Shares held under the CPC Escrow Agreement shall be released in accordance with the following timeline:

Release Dates	Percentage of Total Escrowed Securities to be released
On the issuance of the Final Exchange Bulletin	25% of the escrowed securities
6 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities
12 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities
18 months after the issuance of the Final Exchange Bulletin	25% of the remaining escrowed securities

Terms of Escrow for CPC Escrow Shares and Resulting Issuer Escrow Shares

Where escrowed shares are to be held by a company, such company will be required to agree not to carry out, while its shares are in escrow, any transaction that would result in the change of control of the company. Any such company will be required to further undertake to the TSXV that, to the extent reasonably possible, it will not permit or authorize any issuance of securities or transfer of securities that could reasonably result in a change of control of the company.

All holders of escrowed shares must obtain TSXV consent to transfer Resulting Issuer Common Shares then subject to escrow, other than in specified circumstances set out in the applicable escrow agreement.

RISK FACTORS

The following is a summary of certain risk factors relating to the Transaction, including risk factors relating to the Resulting Issuer, its business, and the industry in which it will operate. These risk factors are not a definitive list of all risk factors associated with the Transaction or the Resulting Issuer. Additional risks and uncertainties, including those currently unknown or considered immaterial by BMGB, may also adversely affect BMGB, the Resulting Issuer, the business of the Resulting Issuer and/or the price or value of the BMGB Shares following completion of the Transaction. Readers should carefully consider all such risks, which include but are not limited to the following.

Risks Relating to the Transaction

Completion Risk

Completion of the Transaction is subject to a number of conditions, certain of which may be outside the control of BMGB, including, without limitation, completion of the Private Placement and receipt of Exchange approval. There can be no assurance, nor can BMGB provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied or that the Transaction will be completed as currently contemplated or at all. The requirement to take certain actions or to agree to certain conditions to satisfy such requirements or obtain any such approvals may have a material adverse effect on the business and affairs of the Resulting Issuer or the trading price of the BMGB Common Shares.

Final acceptance of the Transaction by the TSXV will be subject to BMGB fulfilling all requirements of the TSXV. If such requirements are not met, the Transaction will not be completed. There is no guarantee that BMGB will be able to satisfy the requirements of the TSXV such that it will issue the Final Exchange Bulletin.

If the Transaction is not completed, BMGB will remain liable for significant consulting, accounting and legal costs relating to the Transaction and will not realize anticipated benefits of the Transaction. If the Transaction is not completed and the BMGB Board decides to seek another merger or business combination, there can be no assurance that it will be able to find a party that will agree to equivalent or more attractive terms than those of the Proposed Qualifying Transaction.

Possible Termination of the Share Exchange Agreement

Each of BMGB and NAVCO has the right to terminate the Share Exchange Agreement and the Transaction in certain circumstances. Accordingly, there is no certainty, nor can BMGB provide any assurance, that the Share Exchange Agreement will not be terminated by either BMGB or NAVCO before completion of the Transaction. See “*Description of the Qualifying Transaction – The Share Exchange Agreement*”.

Certain costs related to the Transaction, such as legal and accounting fees, must be paid by BMGB even if the Transaction is not completed.

Dilutive Effect of the Transaction and the Private Placement

The issuance of the BMGB Common Shares to the NAVCO Shareholders and to the Finder and the issuance of the BMGB Units under the Private Placement will have a significant dilutive effect on the ownership interest of the current BMGB Shareholders.

Diversion of Attention of BMGB’s Management

The Transaction could cause the attention of BMGB’s management to be diverted from their day-to-day operations. These disruptions could be exacerbated by a delay in completion of the Transaction and could have an adverse effect on the business, operating results or prospects of BMGB regardless of whether the Transaction is ultimately completed, or of the Resulting Issuer if the Transaction is completed.

Risks Relating to the Business to be Carried on by the Resulting Issuer

Intellectual Property Protection

There can be no assurance that any intellectual property applications of the Resulting Issuer will be approved. Even if they are approved, such patents, trademarks or other intellectual property registrations may be successfully challenged by others or invalidated. The success of the Resulting Issuer and its ability to compete are substantially dependent on its internally developed technologies and processes which the Resulting Issuer will need to protect through a combination of patent, copyright, trade secret and trademark law.

The trademark, copyright, and trade secret positions of the Resulting Issuer’s business are uncertain and may involve complex and evolving legal and factual questions. In addition, there can be no assurance that competitors will not seek to apply for and obtain trademarks and trade names that will prevent, limit or interfere with the Resulting Issuer’s processes. There can be no assurance that the Resulting Issuer will have the financial resources to defend its patents, trademarks, and copyrights from infringement or claims of invalidity. Litigation may be necessary in the future to enforce the Resulting Issuer’s intellectual property rights, to protect the Resulting Issuer’s trade secrets, to determine the validity and scope of the proprietary rights of others, or to defend against

claims of infringement. Any such litigation could result in substantial costs and diversion of resources and could have a material adverse effect on the Resulting Issuer's business, operating results, and financial condition. There can be no assurance that the Resulting Issuer's means of protecting its proprietary rights will be adequate or that competitors will not independently develop similar services or products. Any failure by the Resulting Issuer to adequately protect its intellectual property could have a material adverse effect on its business, operating results and financial condition.

The patent positions of emerging companies can be highly uncertain and involve complex legal and factual questions. Thus, there can be no assurance that any patent applications made by or on behalf of the Resulting Issuer will result in the issuance of patents, that the Resulting Issuer will develop additional proprietary products that are patentable, that any patents issued or licensed to the Resulting Issuer will provide the Resulting Issuer with any competitive advantages or will not be challenged by any third parties, that the patents of others will not impede the ability of the Resulting Issuer to do business or that third parties will not be able to circumvent the patents assigned or licensed to the Resulting Issuer. Furthermore, there can be no assurance that others will not independently develop similar products, duplicate any of the Resulting Issuer's products or, if patents are issued and licensed to the Resulting Issuer, design around the patented product developed for the benefit of the Resulting Issuer.

Since patent applications are maintained in secrecy for a period of time after filing, and since publication of discoveries in the scientific or patent literature often lags behind actual discoveries, the Resulting Issuer cannot be certain that the inventors of the patents were the first creators of inventions covered by pending applications, or that it was the first to file patent applications for such inventions. There can be no assurance that the Resulting Issuer's patents, if issued, would be valid or enforceable by a court or that a competitor's technology or product would be found to infringe such patents.

Neither BMGB nor NAVCO is currently aware of any claims asserted by third parties that NAVCO's intellectual property infringes on their intellectual property. However, in the future, a third party may assert a claim that the Resulting Issuer infringes on their intellectual property. If the Resulting Issuer is forced to defend against these claims, which may be with or without any merit or whether they are resolved in favour or against the Resulting Issuer, the Resulting Issuer may face costly litigation and diversion of management's attention and resources. As a result of such a dispute, the Resulting Issuer may have to develop costly non-infringement technology or enter into license agreements which may not be available at favourable terms.

Performance and Scalability

To be successful, the Resulting Issuer will have to successfully scale its internally developed technology while maintaining high product quality and reliability. If the Resulting Issuer cannot maintain high product quality on a large scale, the Resulting Issuer will be adversely affected. The Resulting Issuer may encounter difficulties in scaling up. Any interruption in operations at the current facility could result in the inability to successfully execute the Resulting Issuer's business plan.

Management of Growth

The Resulting Issuer could experience growth that could put a significant strain on each of the Resulting Issuer's managerial, operational and financial resources. The Resulting Issuer must implement and constantly improve its operational and financial systems and expand, train, and manage its employee base to manage growth. In addition, the Resulting Issuer expects that its operational and management systems will face increased strain as a result of the expansion of the Resulting Issuer's technologies. The Resulting Issuer might not be able to effectively manage the expansion of its operations and systems, and its procedures and controls might not be adequate to support its operations. In addition, management might not be able to make and execute decisions rapidly enough to exploit market opportunities for the expansion of the Resulting Issuer's technologies. If the Resulting Issuer is unable to manage its growth effectively, its business, results of operations, and financial condition will suffer. Failure to effectively manage growth could also result in difficulty in launching new processing technology or enhancing existing processing technology, declines in quality or end- user satisfaction, increases in costs or other operational difficulties, and any of these difficulties could have a material adverse effect on its business, prospects, financial condition, results of operations, and cash flows.

Execution of Business Plan

The execution of the Resulting Issuer's business plan, including its business objectives and milestones described herein, poses many challenges and is based on a number of assumptions. The Resulting Issuer may not be able to successfully execute its business plan or accomplish its business objectives and milestones. If the Resulting Issuer experiences significant cost overruns on its programs, or if its business plan is more costly than it anticipates, certain research and development activities may be delayed or eliminated, resulting in changes or delays to its commercialization plans, or the Resulting Issuer may be compelled to secure additional funding (which may or may not be available) to execute its business plan. The Resulting Issuer cannot predict with certainty its future revenues or results from its operations. If the assumptions on which its revenues or expenditures forecasts are based change, the benefits of the Resulting Issuer's business plan may change as well. In addition, the Resulting Issuer may consider

expanding its business beyond what is currently contemplated in its business plan. Depending on the financing requirements of a potential acquisition or new product opportunity, the Resulting Issuer may be required to raise additional capital through the issuance of equity or debt. If the Resulting Issuer is unable to raise additional capital on acceptable terms, it may be unable to pursue a potential acquisition or new product opportunity.

Commercialization

NAVCO's technology is currently at the beginning of the commercialization phase. There is a risk that the technology and the NAVCO products will not perform as expected in certain applications and therefore, the Resulting Issuer may encounter delays to commercialization or may run the risk that the technologies will never be successfully commercialized. Accordingly, the Resulting Issuer may never receive revenues or return on its technology development.

Technical Risks

Technical risks are inherent in the development and commercialization process, in that an immature technology could present unexpected challenges that exceed the planned time or financial resources to overcome. There can be no guarantee that the Resulting Issuer will be able to overcome technical risks associated with the development of its technology.

Market Acceptance

The ability of the Resulting Issuer to generate significant revenue and profits depends on the acceptance of its products by its customers and end users of the products. The market acceptance of any product depends on a number of factors, including but not limited to awareness of a product's availability and benefits, the price and cost-effectiveness of our products relative to competing products; general competition, and the effectiveness of marketing and distribution efforts. Any factors preventing or limiting the market acceptance of our technology could have a material adverse effect on our business, results of operations and financial condition.

Product Liability

The Resulting Issuer may be subject to potential product liability lawsuits. Even if a product liability claim is unsuccessful, the negative publicity surrounding any such claim could adversely affect the Resulting Issuer's reputation and brand equity.

Regulation

NAVCO's business and operations are subject to regulation in the areas in which it operates and intends to operate. There is no assurance that future changes in regulation, if any, will not adversely affect the Resulting Issuer's business and operations. Additionally, applicable regulations may change, and additional government regulations may be enacted that could impact the Resulting Issuer. The likelihood, nature or extent of government regulation that may arise from future legislation or administrative action cannot be predicted. If the Resulting Issuer is not able to maintain regulatory compliance, is slow or is unable to adopt new requirements or policies, or effect changes to existing requirements, the Resulting Issuer may be adversely affected.

Limited Operating History

The Corporation has a limited operating history upon which an evaluation of the Corporation, its current business and its prospects can be based. You should consider any purchase of the Corporation's securities in light of the risks, expenses and problems frequently encountered by all companies in the early stages of their corporate development.

Uncertain Liquidity and Capital Resources

In addition to the Private Placement, the Corporation may need to raise additional capital by way of an offering of equity securities, an offering of debt securities, or by obtaining financing through a bank or other entity. In particular, the Corporation may not have sufficient funds to complete its business objectives or meet its milestones. The Corporation has not established a limit as to the amount of debt it may incur nor has it adopted a ratio of its equity to debt allowance. If the Corporation needs to obtain additional financing, there is no assurance that financing will be available from any source, that it will be available on terms acceptable to the Corporation, or that any future offering of securities will be successful. If additional funds are raised through the issuance of equity securities, there may be a significant dilution in the value of the BMGB Common Shares. The Corporation could suffer adverse consequences if it is unable to obtain additional capital which would cast substantial doubt on its ability to continue its operations and growth.

Going Concern and Requirement to Generate Cash Flow for Financial Obligations

While the information in this Filing Statement has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Corporation's ability to continue as a going concern is dependent upon achieving profitable operations, upon obtaining additional financing and upon obtaining repayment of the 152 Tech Loan. While the Corporation is making its commercial best efforts in this regard, the outcome of these matters cannot be predicted at this time. The Corporation's ability to generate sufficient cash flow from operations to make scheduled payments to its contractors, service providers and merchants will depend on future financial performance, which will be affected by a range of economic, competitive, regulatory, legislative and business factors, many of which are outside of its control. If the Corporation does not generate sufficient cash flow from operations to satisfy its contractual obligations, it may have to undertake alternative financing plans. The Corporation's inability to generate sufficient cash flow from operations or undertake alternative financing plans would have an adverse effect on its business, financial condition and results or operations, as well as its ability to satisfy its contractual obligations. Any failure to meet its financial obligations could result in termination of key contracts, which could harm the Corporation's ability to provide its products and services.

Uninsurable Risks

The development and manufacture of nano-technology products and materials is subject to certain risks, including those described herein. It is not always possible to insure fully against such risks and the Resulting Issuer may decide not to take out insurance against such risks as a result of high premiums or for other reasons. Should such liabilities arise, they could have an adverse impact on the Resulting Issuer's business and operations and could reduce or eliminate any future profitability and result in increasing costs and a decline in the value of the securities of the Resulting Issuer.

Competition

The development and manufacture of nano-technology products and materials is highly competitive and has relatively low barriers to entry. The level of competition has increased in recent years, and larger providers have established a significant market share. Some of NAVCO's competitors are large companies that have significantly greater financial, technical, marketing and other resources; may be able to devote greater resources to the development, promotion, sale and support of their products; may have more extensive customer bases and broader customer relationships; and, may have longer operating histories and more brand recognition. In some cases, these companies may choose to offer their products at lower prices or rates in response to new competitors entering the market. There are also a number of smaller companies that provide a range of products. NAVCO's competitors may develop or offer products that have price or other advantages over the products provided by NAVCO or may be provided in the future. In competing with such companies, NAVCO may be unable to establish demand for its products which could adversely affect the establishment of its operations and ability to generate revenues. Competition also exists for the recruitment of qualified personnel.

COVID-19

Since December 31, 2019, the outbreak of the novel strain of coronavirus, specifically identified as "COVID-19", has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Corporation and its operations in future periods.

Conflicts of Interest

Certain directors and officers of the Corporation and proposed directors and officers of the Resulting Issuer are, and may continue to be, involved in the mining and mineral exploration industry through their direct and indirect participation in corporations, partnerships or joint ventures which are potential competitors of the Corporation or the Resulting Issuer. In particular, the CEO and CFO of the Resulting Issuer will only be devoting 100% and 60% of their time, respectively, to the business and affairs of the Resulting Issuer following completion of the Transaction. Situations may arise in connection with potential acquisitions or investments where the other interests of these directors and officers may conflict with the interests of the Corporation or the Resulting Issuer. Directors and officers of the Corporation and proposed directors and officers of the Resulting Issuer with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulations,

rules and policies.

Dividends

The Corporation has not declared or paid any dividends on its common shares and does not currently have a policy on the payment of dividends. For the foreseeable future, the Corporation anticipates that it will retain future earnings and other cash resources for the operation and developments of its business. The payment of any future dividends will depend upon earnings and the Resulting Issuer's financial condition, current and anticipated cash needs and such other factors as the directors of the Resulting Issuer consider appropriate.

Estimates and Assumptions

Preparation of its financial statements requires the Corporation to use estimates and assumptions. Accounting for estimates requires the Corporation to use its judgment to determine the amount to be recorded on its financial statements in connection with these estimates. If the estimates and assumptions are inaccurate, the Corporation could be required to write down its recorded values. On an ongoing basis, the Corporation re-evaluates its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions

Costs and Compliance Risks

Legal, accounting and other expenses associated with public company reporting requirements are significant. The Corporation anticipates that costs may increase with corporate governance related requirements, including, without limitation, requirements under National Instrument 52-109 – *Certification of Disclosure in Issuers' Annual and Interim Filings*, National Instrument 52-110 – *Audit Committees* and National Instrument 58-101 – *Disclosure of Corporate Governance Practices*.

The Corporation also expects these rules and regulations may make it more difficult and more expensive for it to obtain director and officer liability insurance, and it may be required to accept reduced policy limits and coverage or incur substantially higher costs to obtain the same or similar coverage. As a result, it may be more difficult for the Corporation and the Resulting Issuer to attract and retain qualified individuals to serve on its board of directors or as executive officers.

Risks Relating to the Resulting Issuer's Securities

Potential Dilution Following Completion of the Transaction

Following completion of the Transaction, the Resulting Issuer may issue equity securities to finance its activities. If the Resulting Issuer were to issue additional equity securities, the ownership interest of existing Shareholders may be diluted and some or all of the Resulting Issuer's financial measures on a per share basis could be reduced. Moreover, as the Resulting Issuer's intention to issue additional equity securities becomes publicly known, the Resulting Issuer's share price may be materially adversely affected.

Trading Market Risk

Prior to the Transaction, there has been no active public market for the BMGB Shares. An active trading market may not develop following completion of the Transaction or, if developed, may not be sustained. The lack of an active market may impair an investor's ability to sell its shares at the time he or she wishes to sell them or at a price that he or she considers reasonable. The lack of an active market may also reduce the fair market value of the BMGB Shares. An inactive market may also impair an investor's ability to raise capital by selling its BMGB Shares and may impair the Resulting Issuer's ability to acquire other companies by using the BMGB Shares as consideration.

Valuation Risk

The valuation placed on NAVCO for the purposes of the Transaction has been determined by negotiation between BMGB and NAVCO. Among the factors included in determining valuation were the potential for NAVCO's business (including with reference to the Valuation Report) and the value of the BMGB Shares. There can be no assurance that the number of BMGB Common Shares to be issued to NAVCO Shareholders under the Share Exchange Agreement will not, in the fullness of time, prove to be excessive. If the market determines that such number of BMGB Shares is excessive, the market price of the BMGB Shares will be adversely affected.

Volatility Risk

If the Transaction is completed, the market price of the BMGB Shares could be volatile and could be subject to further significant fluctuations due to changes in sentiment in the market regarding operations or business prospects, among other factors.

AUDITOR

Following Closing of the Transaction, the auditor of the Resulting Issuer will be NAVCO's auditor, K.R. Margetson Ltd., of North Vancouver, British Columbia.

TRANSFER AGENT AND REGISTRAR

See *"Part I - Information Concerning the Corporation – Auditor, Transfer Agent and Registrar"*.

SPONSORSHIP

Pursuant to the Sponsorship Policy, sponsorship is required in conjunction with a Qualifying Transaction. BMGB has received an exemption from the Exchange from the sponsorship requirement on the basis that the Qualifying Transaction is generally in compliance with relevant standards and guidelines applicable in the Sponsorship Policy.

PART V - GENERAL MATTERS

INTERESTS OF EXPERTS

The experts responsible for opinions referred to in this Filing Statement are as follows:

- (a) DMCL, the auditor of the Corporation;
- (b) K.R. Margetson Ltd., the auditor of NAVCO; and
- (c) Evans & Evans, Inc., the author of the Valuation Report.

DMCL is the external auditor of BMGB and is independent of each of BMGB and NAVCO within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

K.R. Margetson Ltd. is the external auditor of NAVCO and is independent of each of BMGB and NAVCO within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Evans & Evans, Inc., the author of the Valuation Report, is independent of each of BMGB and NAVCO.

OTHER MATERIAL FACTS

There are no material facts about the Corporation, the Resulting Issuer or the Proposed Qualifying Transaction that are not disclosed in this Filing Statement.

BOARD APPROVAL

Both the contents and the sending of this Filing Statement have been approved by the board of directors of the Corporation. Where information contained in this Filing Statement rests particularly within the knowledge of a person other than the Corporation, the Corporation has relied upon information furnished by such person.

CONDITIONAL APPROVAL FOR THE TRANSACTION

The Exchange has conditionally approved the Transaction subject to BMGB fulfilling all of the requirements of the Exchange.

FULL, TRUE AND PLAIN DISCLOSURE

The foregoing contains full, true and plain disclosure related to the Corporation and the Resulting Issuer.

EXHIBIT A – FINANCIAL STATEMENTS OF BMGB CAPITAL CORP.

BMGB Capital Corp.

Financial Statements

For the Year Ended June 30, 2022

(Expressed in Canadian Dollars)



DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the shareholders of BMGB Capital Corp.:

Opinion

We have audited the financial statements of BMGB Capital Corp. (the "Company"), which comprise the statements of financial position as at June 30, 2022 and 2021, and the statements of operations and comprehensive loss, changes in shareholders' equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at June 30, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

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 other 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 of the financial statements, which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information. The other information comprises the information included in Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained Management's Discussion and Analysis prior to the date of this audit's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 International Financial Reporting Standards, 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 Barry Hartley.

DMC

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC

October 25, 2022



An independent firm
associated with Moore
Global Network Limited

BMGB Capital Corp.
Statements of Financial Position
(Expressed in Canadian Dollars)

	June 30, 2022	June 30, 2021
ASSETS		
Current assets		
Cash	\$ 1,799	\$ 12,067
Loan receivable (Note 5)	110,372	103,960
TOTAL ASSETS	\$ 112,171	\$ 116,027
LIABILITIES		
Current liabilities		
Accounts payable	\$ 60,567	\$ 10,655
Accrued liabilities	48,132	8,220
TOTAL LIABILITIES	108,699	18,875
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	315,845	315,845
Share-based payment reserve (Note 3)	89,729	89,729
Deficit	(402,102)	(308,422)
TOTAL SHAREHOLDERS' EQUITY	3,472	97,152
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 112,171	\$ 116,027

Nature of and Continuance of Operations (Note 1)

Approved on behalf of the Board on October 25, 2022:

"Lucas Birdsall"
Lucas Birdsall, Director

"Sean Bromley"
Sean Bromley, Director

The accompanying notes are an integral part of these financial statements.

BMGB Capital Corp.
Statements of Operations and Comprehensive Loss
(Expressed in Canadian Dollars)

	Year Ended June 30, 2022	Year Ended June 30, 2021
EXPENSES		
Filing and transfer agent fees	\$ 27,662	\$ 15,928
Office and miscellaneous	1,057	283
Professional fees	71,373	63,331
	100,092	79,542
OTHER ITEMS		
Interest Income (Note 5)	6,412	5,460
Net and comprehensive loss	\$ (93,680)	\$ (74,082)
Loss per common share – basic and diluted	\$ (0.04)	\$ (0.03)
Weighted average number of common shares outstanding – basic and diluted	2,600,000	2,566,667

The accompanying notes are an integral part of these financial statements.

BMGB Capital Corp.

Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital	Share Based Payment Reserves	Accumulated Deficit	Total Shareholders' Equity
Balance, June 30, 2020	4,500,000	\$ 294,243	\$ 101,331	\$ (234,340)	\$ 161,234
Exercise of warrants (Note 3)	100,000	21,602	(11,602)	-	10,000
Net and comprehensive loss	-	-	-	(74,082)	(74,082)
Balance, June 30, 2021	4,600,000	315,845	89,729	(308,422)	97,152
Net and comprehensive loss	-	-	-	(93,680)	(93,680)
Balance, June 30, 2022	4,600,000	\$ 315,845	\$ 89,729	\$ (402,102)	\$ 3,472

The accompanying notes are an integral part of these financial statements.

BMGB Capital Corp.
Statements of Cash Flows
(Expressed in Canadian Dollars)

	Year Ended June 30, 2022	Year Ended June 30, 2021
Cash used in operating activities		
Net loss	\$ (93,680)	\$ (74,082)
Non-cash items;		
Accrued interest income	(6,412)	(5,460)
Changes in non-cash working capital balances		
Accounts payable	49,912	(2,888)
Accrued liabilities	39,912	1,720
Net cash used by operating activities	(10,268)	(80,710)
Cash provided by financing activities		
Loan advanced	-	(98,500)
Exercise of warrants	-	10,000
Net cash used by financing activities	-	(88,500)
Change in cash	(10,268)	(169,210)
Cash, beginning	12,067	181,277
Cash, ending	\$ 1,799	\$ 12,067

The accompanying notes are an integral part of these financial statements.

1. Nature and Continuance of Operations

BMGB Capital Corp. (the "Company") was incorporated in the Province of British Columbia on April 21, 2018. The Company's registered and records office is Suite 600 – 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company was formed for the primary purpose of completing an Initial Public Offering ("IPO") on the TSX Venture Exchange ("Exchange") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("Qualifying Transaction"). Such a transaction will be subject to shareholder and regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

As a CPC, subject to certain exceptions, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets of business for future investment. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. At the Company's Extraordinary General Meeting of Shareholders held on May 25, 2021 the shareholders of the Company voted in favour of the following resolutions implementing the certain changes needed to transition to the TSX Venture Exchange's Policy 2.4 - Capital Pool Companies effective as at January 1, 2021: (i) removing the consequences associated with the Company not completing a Qualifying Transaction within 24 months of its listing date; and (ii) authorizing the Company to make certain amendments to the Company's escrow agreement.

Pursuant to a share exchange agreement (the "Share Exchange Agreement") dated January 18, 2021, as amended, between the Company, NAVCO Pharmaceuticals Limited ("NAVCO") and the NAVCO shareholders, the Company has agreed to acquire all of the issued and outstanding common shares of NAVCO by issuing an aggregate of 21,340,000 common shares of the Company pro rata to the NAVCO shareholders at a deemed price of \$0.15 per share, representing an aggregate valuation for NAVCO of \$3,201,000 (the "Share Exchange"). Closing of the Share Exchange is subject to completion of certain conditions precedent, including without limitation: completion by the Company of a private placement (the "Private Placement") for gross proceeds of no less than \$2,000,000; on closing, payment of a finder's fee of 340,000 shares of the Company; the preparation and filing of a Filing Statement with the Exchange; and receipt of all necessary regulatory and Exchange approvals. On June 13, 2022, the Share Exchange Agreement was amended with a termination date of September 30, 2022. The Company is currently in negotiations to extend the termination date of the Share Exchange Agreement to December 31, 2022.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent on its ability to generate future cash flows and/or obtain additional financing. 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. Management intends to finance operating costs over the next twelve months with cash on hand, loans from directors and companies controlled by directors and/or private placements of common stock. There is a risk that additional financing will not be available on a timely basis or on terms acceptable to the Company. These financial statements do not reflect any adjustments that may be necessary if the Company is unable to continue as a going concern.

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19).

1. Nature and Continuance of Operations (continued)

The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows in fiscal 2022.

2. Significant Accounting Policies

(a) Statement of Compliance to International Financial Reporting Standards

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

(b) Basis of Preparation

The financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The financial statements are presented in Canadian dollars unless otherwise noted. The policies set out below were consistently applied to all periods presented unless otherwise noted.

(c) Use of Estimates and Assumptions

The preparation of financial statements in accordance with IFRS requires the Company to make estimates and assumptions concerning the future. The Company’s management reviews these estimates and underlying assumptions on an ongoing basis, based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to estimates are adjusted for prospectively in the period in which the estimates are revised.

Estimates and assumptions where there is significant risk of material adjustments to assets and liabilities in future accounting periods include fair value measurements for financial instruments, and the recoverability and measurement of deferred tax assets.

(d) Significant Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments applying to the Company’s financial statements include:

- The assessment of the Company’s ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

(e) Cash

Cash includes cash on hand held at call with banks.

(f) Financial Instruments

The following is the Company’s accounting policy for financial instruments under IFRS 9:

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(i) Classification

The Company classifies its financial instruments in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (loss) (“FVTOCI”) or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

Equity instruments that are held for trading are classified as FVTPL. For other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or if the Company has opted to measure them at FVTPL. The following table shows the classification of financial instruments under IFRS 9:

	Classification
Cash	FVTPL
Loan Receivable	Amortized Cost
Accounts Payable	Amortized Cost

(ii) Measurement

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs, respectively, and subsequently carried at amortized cost less any impairment.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statements of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statements of operations and comprehensive loss in the period in which they arise.

Debt investments at FVTOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income (“OCI”). On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss

Equity investments at FVTOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

(iii) 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 if the credit risk on the financial asset has increased significantly since initial recognition.

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(iii) Impairment of financial assets at amortized cost

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 statements of 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.

(iv) Derecognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all of the associated risks and rewards of ownership to another entity.

Financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when the terms of the liability are modified such that the terms and / or cash flows of the modified instrument are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Gains and losses on derecognition are generally recognized in profit or loss.

(g) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and stock options are recognized as a deduction from equity, net of any tax effects.

(h) Share-based Payments

The Company's Stock Option Plan allows directors, officers and consultants to acquire shares of the Company in exchange for the options exercised. The fair value of share options granted to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instrument issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the share-based payments reserve.

The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted, shall be based on the number of equity instruments that eventually vest.

2. Significant Accounting Policies (continued)

(i) Income Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income. Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax.

Deferred income tax

Regulations are subject to interpretation and establishes provisions where appropriate. Deferred income tax is provided using the asset and liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(j) Loss Per Share

Basic loss per share amounts are calculated by dividing loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted loss per share amounts are determined by adjusting the weighted average number of common shares outstanding for the effects of all dilutive potential common shares.

(k) Accounting standards issued but not yet effective

Accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Share Capital

(a) Authorized

The Company has authorized an unlimited number of common shares with no par value.

BMGB Capital Corp.
Notes to the Financial Statements
For the Year Ended June 30, 2022
(Expressed in Canadian Dollars)

3. Share Capital (continued)

(b) Issued Share Capital

The Company had a total of 4,600,000 common shares issued and outstanding as at June 30, 2022 (2021: 4,600,000). 2,000,000 shares were held in escrow as at June 30, 2022 (2021: 2,000,000)

On November 4, 2020, 100,000 shares were issued pursuant to exercise of agents' warrants at a price of \$0.10 for proceeds of \$10,000.

There were no shares issued during the year ended June 30, 2022.

(c) Warrants

	Number of Warrants #	Weighted average exercise price \$
Balance, June 30, 2020	250,000	\$ 0.10
Exercise	(100,000)	0.10
Expired	(150,000)	0.10
Balance, June 30, 2021 and 2022	-	\$ -

(d) Stock Options

The Company has a stock option plan whereby the Company is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option will not be less than the discounted market price of the common shares as permitted by the Exchange policies, and provided that, if the Company is a CPC, the option price shall not be lower than the IPO share price. The options can be granted for a maximum term of 10 years.

The following table summarizes information about stock options outstanding and exercisable at June 30, 2022 and 2021:

Number of Shares	Exercise Price	Expiry Date
450,000	\$0.10	November 5, 2028

(e) Share-based Payment Reserve

The share-based payment reserve records items recognized as stock-based compensation expense until such time that the stock options and warrants are exercised, at which time the corresponding amount will be transferred to share capital.

4. Related Party Transactions

During the years ended June 30, 2022 and 2021, the Company did not have any transactions with related parties.

5. Loan Receivable

In connection with the letter of intent entered into by the Company on April 28, 2020 with NAVCO, as amended, the Company made available a loan of up to \$25,000 and a line of credit for up to \$75,000, which may be drawn from by NAVCO to pay for expenses related to the transaction described in the Share Exchange Agreement (Note 1). The loan is secured against all of the present and after acquired properties of NAVCO. The loan bears interest at 6% per annum, compounded monthly. On August 5, 2020, the Company advanced \$98,500 to NAVCO. During the year ended June 30, 2022, the Company accrued interest expense on the loan of \$6,412 (2021: \$5,460). The balance is due on December 31, 2022.

6. Financial Instruments

(a) *Categories of Financial Instruments and Fair Value Measurements*

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

The fair value of the Company's financial instruments, approximates their carrying amount due to their short-term maturities. The fair value of cash was determined based on Level 1 quoted prices.

(b) *Management of Financial Risks*

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

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 cash and loan receivable. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating. The Company's loan is secured against all of the present and after acquired property of NAVCO, pursuant to the general service agreement. The Company assessed credit risk as low.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets are hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company assesses liquidity risk as high.

BMGB Capital Corp.
Notes to the Financial Statements
For the Year Ended June 30, 2022
(Expressed in Canadian Dollars)

6. Financial Instruments (continued)

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company is not exposed to foreign exchange risk.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

7. Capital Management

The Company defines its capital as working capital and shareholders' equity. The Company manages its capital structure and makes adjustments to it based on the funds available to the Company in order to support future business opportunities. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company is dependent upon external financing. In order to carry future activities and pay for administrative costs, the Company will spend its existing working capital and raise additional funds as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. The Company is not subject to externally imposed capital requirements. The Company did not institute any changes to its capital management strategy during the year.

8. Income Taxes

The provision for tax differs from that expected by applying a combined Canadian effective income tax rate of 27% as follows:

	Year ended June 30, 2022	Year ended June 30, 2021
Loss before income tax	\$ (93,680)	\$ (74,082)
Statutory tax rate	27 %	27 %
Expected tax recovery	(25,294)	(20,002)
Permanent differences	-	(3)
Deferred tax benefits not recognized	25,294	20,005
Income tax recovery	\$ -	\$ -

BMGB Capital Corp.

Notes to the Financial Statements

For the Year Ended June 30, 2022

(Expressed in Canadian Dollars)

8. Income Taxes (continued)

The Company has the following deductible temporal differences for which no deferred tax asset has been recognized:

	June 30, 2022	June 30, 2021
Non-capital losses	\$ 94,320	\$ 67,581
Share issuance costs	1,444	2,889
	\$ 95,764	\$ 70,470

The Company's tax pools include non-capital loss of approximately \$349,332 that will expire by 2042 and share issuance cost that will expire by 2025.

EXHIBIT B – MANAGEMENT’S DISCUSSION AND ANALYSIS OF BMGB CAPITAL CORP.

BMGB CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended June 30, 2022

Dated October 25, 2022

BMGB CAPITAL CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

This Management's Discussion and Analysis ("MD&A") of the financial position and results of operations of BMGB Capital Corp. (the "**Company**" or "**BMGB**") should be read in conjunction with the audited financial statements of the Company for the year ended June 30, 2022 and the related notes contained therein. The audited financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") using policies consistent with IFRS as issued by the IASB. All dollar figures included therein and in the following MD&A are quoted in Canadian dollars. Additional information relevant to the Company and its activities can be found on SEDAR at www.sedar.com.

This MD&A is current as at October 25, 2022.

This MD&A contains forward-looking statements and forward-looking information as further described under "Forward-Looking Statements and Forward-Looking Information" at the end of this MD&A.

The Company

BMGB Capital Corp. (the "**Company**") was incorporated in the Province of British Columbia on April 21, 2018. The Company's registered and records office is Suite 600 – 1090 West Georgia Street, Vancouver, British Columbia V6E 3V7.

The Company was formed for the primary purpose of completing an Initial Public Offering ("**IPO**") on the TSX Venture Exchange ("**Exchange**") as a Capital Pool Company ("**CPC**") as defined in Policy 2.4 of the Exchange. As a CPC, the Company's principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange ("**Qualifying Transaction**"). Such a transaction may be subject to shareholder approval and will be subject to regulatory approval. Until completion of the Qualifying Transaction, the Company will not carry on any business other than the identification and evaluation of businesses or assets with a view to completing a potential Qualifying Transaction.

As a CPC, subject to certain exceptions, the proceeds raised by the Company from the issuance of share capital may only be used to identify and evaluate assets of business for future investment. These restrictions apply until the completion of a Qualifying Transaction by the Company as defined under the policies of the Exchange. At the Company's Extraordinary General Meeting of Shareholders held on May 25, 2021 the shareholders of the Company voted in favour of the following resolutions implementing the certain changes needed to transition to the TSX Venture Exchange's Policy 2.4 - Capital Pool Companies effective as at January 1, 2021: (i) removing the consequences associated with the Company not completing a Qualifying Transaction within 24 months of its listing date; and (ii) authorizing the Company to make certain amendments to the Company's escrow agreement.

On November 5, 2018, the Company completed its IPO by issuing an aggregate of 2,500,000 common shares at a price of \$0.10 per common share for gross proceeds of \$250,000. The Company's common shares were listed on the Exchange on November 5, 2018 under the symbol "BMGB.P". The IPO is further described in the Company's press release dated November 5, 2018.

On February 25, 2019, the Company announced that it had entered into a non-binding letter of intent (the "**LOI**") dated February 22, 2019 respecting the proposed acquisition by the Company of Hot Tomali Communications Inc. ("**Hot Tomali**") and Cientis Technologies Inc. ("**Cientis**"). Under the LOI, the

Company, Hot Tomali and Cientis agreed to act in good faith to draft, negotiate and execute a definitive acquisition agreement and amalgamation agreement respecting the transaction. The transaction was intended to qualify as the Company's "Qualifying Transaction" as defined by Policy 2.4 of the TSX Venture Exchange. The proposed transaction is further described in the Company's press release dated February 25, 2019. On January 2, 2020, the Company announced that it had terminated the LOI. On January 13, 2020, Hot Tomali repaid the full amount of the secured loan that the Company had made to Hot Tomali in connection with the transaction, and accumulated interest.

On April 30, 2020, the Company announced that it had entered into a non-binding letter of intent (the "**NAVCO LOI**") dated April 28, 2020, as amended October 28, 2020, respecting the proposed acquisition by the Company of NAVCO Pharmaceuticals Limited ("**NAVCO**") (the "**Transaction**"). Under the NAVCO LOI, the Company and NAVCO agreed to act in good faith to draft, negotiate and execute a definitive share exchange agreement or other similar form of agreement respecting the Transaction, which will supersede the NAVCO LOI. The Transaction is intended to qualify as BMGB's "Qualifying Transaction" as defined by Policy 2.4 of the TSX Venture Exchange. The proposed Transaction is further described in the Company's press releases dated April 30, 2020, October 29, 2020, and January 18, 2021.

On November 4, 2020, 100,000 agents' warrants were exercised at a price of \$0.10 for proceeds of \$10,000.

On January 18, 2021, the Company, NAVCO and the NAVCO shareholders executed a share exchange agreement (the "**Share Exchange Agreement**"), as amended. Under the Share Exchange Agreement, the Company will acquire all of the issued and outstanding common shares of NAVCO by issuing an aggregate of 21,340,000 common shares of the Company pro rata to the NAVCO shareholders at a deemed price of \$0.15 per share, representing an aggregate valuation for NAVCO of \$3,201,000 (the "**Share Exchange**"). Closing of the Share Exchange is subject to completion of certain conditions precedent, including without limitation: completion by the Company of a private placement (the "**Private Placement**") for gross proceeds of no less than \$2,000,000; the preparation and filing of a Filing Statement with the Exchange; and receipt of all necessary regulatory and Exchange approvals.

Under the Private Placement, the Company will raise gross proceeds of no less than \$2,000,000 through the issuance of units at a price of \$0.15 per unit, with each unit comprised of one common share of the Company and one-half of a common share purchase warrant (each whole warrant exercisable for an additional common share of the Company for two years at an exercise price of \$0.25). The Share Exchange Agreement also contemplates the Company issuing 340,000 common shares as a finder's fee to an arm's length third party.

Overall Performance

The key factors pertaining to the Company's overall performance for the year ended June 30, 2022 are as follows:

- The Company had working capital of \$3,471 as at June 30, 2022, as compared to working capital of \$97,152 as at June 30, 2021. The decrease was mainly due to administrative expenses in the normal course of business.
- The Company incurred a net loss of \$93,681 for the year ended June 30, 2022, as compared to a net loss of \$74,082 for the year ended June 30, 2021. The increase was mainly due to increases in filing fees and professional fees.

Selected Annual Information

The following table sets forth summary financial information for the Company for the period from incorporation to June 30, 2018 and for the years ended June 30, 2019, 2020 and 2021. This information has been summarized from the Company's audited financial statements for the same periods and should only be read in conjunction with the Company's audited financial statements, including the notes thereto.

	Year ended June 30, 2022	Year ended June 30, 2021	Year ended June 30, 2020	Year ended June 30, 2019	Period from Incorporation to June 30, 2018
Total assets	112,171	116,027	181,277	231,443	100,000
Total revenues	6,412	5,460	1,140	339	-
Long-term debt	-	-	-	-	-
General and administrative expenses	100,093	79,542	50,704	185,115	-
Net loss	93,681	74,082	49,564	184,776	-
Basic and diluted loss per share ⁽²⁾	0.04	0.03	0.02	0.11	-

Discussion of Operations

For the year ended June 30, 2022, the Company incurred a net loss of \$93,681 (2021: \$74,082). Total revenue for the year was \$6,412 (2021: \$5,460), of which \$6,412 (2021: \$5,460) was interest income. Total expenses for the year were \$100,093 (2021: \$79,542), of which \$71,374 (2021: \$63,331) was professional fees, \$27,662 (2021: \$15,928) was filing fees, and \$1,057 (2021: \$283) was office and miscellaneous. Professional fees consist of legal, accounting and audit fees.

Summary of Quarterly Results

The following financial data was derived from the Company's financial statements for each of the Company's last eight completed financial quarters:

	Q1 2021 (\$)	Q2 2021 (\$)	Q3 2021 (\$)	Q4 2021 (\$)	Q1 2022 (\$)	Q2 2022 (\$)	Q3 2022 (\$)	Q4 2022 (\$)
Revenues	909	1,511	1,500	1,540	1,580	1,604	1,593	1,635
Net income (loss) before other income/ expenses	(6,734)	(18,207)	(17,316)	(31,825)	(13,979)	(24,966)	(7,355)	(47,381)
Net income (loss) after other income / expenses	(6,734)	(18,207)	(17,316)	(31,825)	(13,979)	(24,966)	(7,355)	(47,381)
Net Income (loss) per share – basic and diluted	-	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)	(0.00)	(0.02)
Weighted average number of shares outstanding	2,500,000	2,562,000	2,562,000	2,566,667	2,600,000	2,600,000	2,600,000	2,600,000

Liquidity and Capital Resources

The Company is in the evaluation stage and therefore has no cash flow from operations. The Company's only material source of funds since incorporation has been from the sale of common shares. From the date of incorporation on April 21, 2018, to June 30, 2022, it has raised \$360,000 from the sale of shares for cash through the issuance of 4,600,000 shares. In total, there are 4,600,000 shares outstanding as of the date of this MD&A.

As at June 30, 2022, current assets were \$112,171 (June 30, 2021 - \$116,027) and current liabilities were \$108,700 (June 30, 2021 - \$18,875), resulting in working capital of \$3,471 (June 30, 2021 - \$97,152), at that time. There are no known trends affecting liquidity or capital resources.

As at June 30, 2022, the Company had total assets of \$112,171 (June 30, 2021 - \$116,027) which are comprised of \$1,799 (June 30, 2021 - \$12,067) cash and \$110,372 (June 30, 2021 - \$103,960) loan receivable.

While the information in this MD&A has been prepared in accordance with IFRS on a going concern basis, which presumes the realization of assets and discharge of liabilities in the normal course of business for the foreseeable future, there are conditions and events that cast significant doubt on the validity of this presumption. The Company's ability to continue as a going concern is dependent upon achieving profitable operations and upon obtaining additional financing. While the Company is making its best efforts in this regard, the outcome of these matters cannot be predicted at this time.

Disclosure of Outstanding Security Data

As of the date of this MD&A, the Company has the following securities issued and outstanding: 4,600,000 common shares; and 450,000 stock options, each of which are exercisable for one common share of the Company for \$0.10 until November 5, 2028. The Company has no other securities issued or outstanding that are convertible into, or exercisable or exchangeable for, voting or equity securities of the Company.

Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

Transactions Between Related Parties

During the year ended June 30, 2022, the Company had no related party transactions.

Trends

Since March 2020, several measures have been implemented in Canada and the rest of the world in response to the increased impact from the novel coronavirus (COVID-19). The Company continues to operate its business at this time. While the impact of COVID-19 is expected to be temporary, the current circumstances are dynamic and the impacts of COVID-19 on business operations cannot be reasonably estimated at this time. The Company anticipates this could have an adverse impact on its business, results of operations, financial position and cash flows.

Management regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in both short-term operating and longer-term strategic decisions. See "Forward-Looking Statements and Forward-Looking Information" at the end of this MD&A.

Outlook

The Company's priorities are to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange.

Changes in Accounting Policies Including Initial Adoption

A detailed summary of all of the Company's significant accounting policies is included in Note 2 to the condensed interim financial statements. The Company, in consultation with its auditor, periodically reviews accounting policy changes implemented within its industry.

Financial Instruments and Other Instruments

The carrying values of cash and cash equivalents and accounts payable approximate their fair values because of the short-term maturity of these financial instruments. The Company has no exposure to Asset Backed Commercial Paper.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares. Although the Company has been successful at raising funds in the past through the issuance of shares, it is uncertain as to whether it will be able to continue this form of financing due to uncertain economic conditions. There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

- Categories of financial instruments

The fair values of cash and cash equivalents approximate their carrying values due to the short term to maturities of these financial instruments.

The Company's financial instruments are exposed to certain financial risks, including market risk, credit risk and liquidity risk. The Company's exposure to these risks and its methods of managing the risks remain consistent.

- Market risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. The value of financial instruments can be affected by changes in interest rates, foreign currency rates and other price risk.

- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. Should the market interest rates increase/decrease by 1%, the impact on cash would be immaterial.

The Company monitors its exposure to interest rates and has not entered into any derivative financial instruments to manage this risk. The Company's exposure to interest rate risk is immaterial.

- Foreign currency risk

The Company is not exposed to foreign currency risk as all expenditures incurred by the Company are denominated in Canadian dollars.

- Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk on its financial instruments.

- 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 cash and loan receivable. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating. The Company's loan is secured against all of the present and after acquired property of NAVCO, pursuant to the general security agreement. The Company assessed credit risk as low.

- Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital markets are hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company assesses liquidity risk as high.

There were no changes in the Company's approach to financial risk management during the year.

Forward-Looking Statements and Forward-Looking Information

The information provided in this MD&A may contain forward-looking statements and forward-looking information about BMGB within the meaning of applicable securities laws. In addition, BMGB may make or approve certain statements or information in future filings with Canadian securities regulatory authorities, in news releases, or in oral or written presentations by representatives of BMGB that are not statements of historical fact and may also constitute forward-looking statements or forward-looking information. All statements and information, other than statements of historical fact, made by BMGB that address activities, events, or developments that BMGB expect or anticipate will or may occur in the future are forward-looking statements and information, including, but not limited to, statements and information preceded by, followed by, or that include words such as "may", "would", "could", "will", "likely", "expect", "anticipate", "believe", "intends", "plan", "forecast", "budget", "schedule", "project", "estimate", "outlook", or the negative of those words or other similar or comparable words. This forward-looking information and forward-looking statements include, without limitation, information about the Company's opportunities, strategies, competition, expected activities and expenditures as the Company pursues its business plan, the adequacy of the Company's available cash resources and other statements about future events or results.

Forward-looking statements and information involve significant risks, assumptions, uncertainties and other factors that may cause actual future performance, achievement or other realities to differ materially from those expressed or implied in any forward-looking statements or information and, accordingly, should not be read as guarantees of future performance, achievement or realities.

Actual performance, achievement or other realities could differ materially from those expressed in, or implied by, any forward-looking statements or information in this MD&A and, accordingly, investors should not place undue reliance on any such forward-looking statements or information. Further, any forward-looking statement or information speaks only as of the date on which such statement is made, and BMGB does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements or information whether as a result of new information, future events or otherwise, except as required by applicable law. All forward-looking statements and information contained in this MD&A and other documents of BMGB are qualified by such cautionary statements.

In addition, forward-looking statements and information herein, including financial information, is based on certain assumptions relating to the business and operations of BMGB. Although BMGB has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements and forward-looking information in this MD&A, and the documents incorporated by reference herein, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There is no assurance that such statements and information will prove to be accurate as actual results and future events could differ materially from those anticipated in such statements or information. Accordingly, readers should not place undue reliance on forward-looking statements and forward-looking information contained in this MD&A.

EXHIBIT C – FINANCIAL STATEMENTS OF NAVCO PHARMACEUTICALS LIMITED AND 100THX INC.

Financial Statements

Navco Pharmaceuticals Limited



As at September 30, 2021

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Navco Pharmaceuticals Limited:

Opinion

I have audited the accompanying financial statements of Navco Pharmaceuticals Limited, which comprise the statements of financial position as at September 30, 2021 and 2020 and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year and period then ended and a summary of significant accounting policies and other explanatory information.

In my opinion, these financial statements present fairly, in all material respects, the financial position of Navco Pharmaceuticals Limited as at September 30, 2021 and 2020 and its financial performance and its cash flows for the year and period then ended in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audits in accordance with Canadian generally accepted auditing standards ("GAAS"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with the requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the financial statements, which indicates that the Company has incurred net losses of \$1,198,176 since inception and has a working capital deficiency of \$520,697. As stated in Note 1, these events or conditions, along with other matters set forth in Note 1, indicated that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits or otherwise appears to be materially misstated. I obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 intends to liquidate the Company or to cease operation, 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 Responsibility

My 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 my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS I exercise professional judgement and maintain professional scepticism throughout the audit. I 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Chartered Professional Accountant

North Vancouver, Canada
February 14, 2022

K. R. Margetson Ltd.
331 East 5th Street
North Vancouver BC, V7L 1M1

NAVCO PHARMACEUTICALS LIMITED

STATEMENT OF FINANCIAL POSITION

As at September 30, 2021 and 2020

(Expressed in Canadian dollars)

	Notes	September 30, 2021	September 30, 2020
ASSETS		\$	\$
Cash		4,071	194,938
Receivable	4	30,277	-
Inventory	5	8,458	-
Total current assets		42,806	194,938
Non-current assets			
Plant and equipment	6	189,890	141,487
Intangible asset	7	53,600	58,500
Total non-current assets		243,490	199,987
TOTAL ASSETS		286,296	394,925
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	8	95,416	35,164
Amounts due to related parties	12	325,720	138,452
Secured loan and interest payable	9	105,557	99,409
Other loans		22,353	-
Current portion of lease liability	10, 15	14,457	13,903
Total current liabilities		563,503	286,928
Non-Current liabilities			
Lease liability	10, 15	44,344	24,716
Total non-current liabilities		44,344	24,716
TOTAL LIABILITIES		607,847	311,644
SHAREHOLDERS' EQUITY			
Share capital	11	876,625	421,750
Subscriptions received		-	330,000
Obligation to issue shares	11	-	4,875
Accumulated deficit		(1,198,176)	(673,344)
TOTAL SHAREHOLDERS' EQUITY		(321,551)	83,281
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		286,296	394,925

Nature and continuance of operations (Note 1)

Commitments (Note 15)

On behalf of the Board:

"Marek Jasinski"

Director

"Chris Cooper"

Director

The accompanying notes are an integral part of these financial statements.

NAVCO PHARMACEUTICALS LIMITED
STATEMENT OF LOSS AND COMPREHENSIVE LOSS
For the year ended September 30, 2021 and period ended September 30, 2020
(Expressed in Canadian dollars)

	Notes	For the Year Ended September 30, 2021 \$	For the Period from Inception to September 30, 2020 \$
Revenue			
Consulting		15,525	-
General and administrative expenses			
Consulting fees	12	146,934	432,632
Corporate development		-	175,864
Amortization		4,900	-
Depreciation		29,678	3,701
Interest on loan		6,148	909
Interest on lease		3,648	715
Management fees	12	184,800	33,450
Office and general		57,934	7,661
Professional fees		46,440	18,412
Wages and benefits		59,875	-
		(540,357)	(673,344)
Loss and comprehensive loss for the year		(524,832)	(673,344)
Basic and diluted loss per common share		\$(0.04)	\$(0.11)
Weighted average number of common shares outstanding		14,483,384	5,908,387

The accompanying notes are an integral part of these financial statements.

NAVCO PHARMACEUTICALS LIMITED

STATEMENT OF CHANGES IN EQUITY

For the year September 30, 2021 and period ended September 30, 2020

(Expressed in Canadian dollars)

	Number of shares	Share capital	Subscriptions Received	Obligation to issue shares	Accumulated Deficit	Shareholders' Equity (Deficiency)
		\$	\$	\$	\$	\$
Share issued at incorporation, February 26, 2020	1	-	-	-	-	-
Share returned	(1)	-	-	-	-	-
Shares issue for cash at \$0.05/share	7,265,000	363,250	-	-	-	363,250
Shares issued for intellectual property purchase at \$0.05/share	1,170,000	58,500	-	-	-	58,500
Share subscriptions received	-	-	330,000	-	-	330,000
Obligation to issue shares	-	-	-	4,875	-	4,875
Net loss and comprehensive loss for the period	-	-	-	-	(673,344)	(673,344)
Balance, September 30, 2020	8,435,000	421,750	330,000	4,875	(673,344)	83,281
Balance, September 30, 2020	8,435,000	421,750	330,000	4,875	(673,344)	83,281
Shares issue for cash at \$0.075/share	6,065,000	454,875	(330,000)	(4,875)	-	120,000
Net loss and comprehensive loss for the year	-	-	-	-	(524,832)	(524,832)
Balance, September 30, 2021	14,500,000	876,625	-	-	(1,198,176)	(321,551)

The accompanying notes are an integral part of these financial statements.

NAVCO PHARMACEUTICALS LIMITED**STATEMENT OF CASH FLOWS**

For the year ended September 30, 2021 and period ended September 30, 2020

(Expressed in Canadian dollars)

	For the Year ended September 30, 2021	For the Period from Inception to September 30, 2020
	\$	\$
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year/period	(524,832)	\$ (673,344)
Items not affecting cash		
Amortization	4,900	-
Depreciation	29,678	3,701
Interest on leases	3,648	715
Interest on loan	6,148	909
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	73,804	21,612
Amounts due related parties	204,286	118,739
Receivable	(30,277)	-
Inventory	(8,458)	-
	(241,103)	(527,668)
CASH FLOWS TO INVESTING ACTIVITIES		
Plant and equipment purchases	(73,630)	(69,144)
	(73,630)	(69,144)
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Common shares issued for cash	120,000	363,250
Subscriptions received	-	330,000
Loan proceeds	22,353	98,500
Lease payments	(18,487)	-
	123,866	791,750
Change in cash for the year/period	(190,867)	194,938
Cash, beginning of the year/period	194,938	-
Cash, end of the year/period	4,071	194,938

Supplemental disclosure with respect to cash flows (Note 17)

The accompanying notes are an integral part of these financial statements.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

1. Nature and continuance of operations

Navco Pharmaceuticals Limited (the “Company”) was incorporated under the Canada Business Corporations Act on February 26, 2020.

The Company’s registered office is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

Navco is a start-up company, that through its purchase of intellectual property, plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Company’s products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the year ended September 30, 2021, the Company incurred a net loss and comprehensive loss of \$524,832 (2020 - \$673,344) and had an accumulated deficit of \$ 1,198,176 as of September 30, 2021 which raises uncertainties as to the ability of the Company to continue as a going concern. These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

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.

2. Significant accounting policies

Statement of compliance

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board effective as of September 30, 2021.

The financial statements have been prepared on a historical cost basis, except for financial instruments classified 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.

These financial statements were approved for issue by the Board of Directors on February 11, 2022.

Significant accounting judgments, estimates and assumptions

The preparation of the financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized.

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

2. Significant accounting policies (cont'd)

a) Going concern

The assessment of the Company's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions the Company operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

c) The estimated useful lives and residual value of equipment

The calculation of depreciation involves estimates concerning the economic life and salvage value of equipment.

d) Leases

The Company applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Company to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the interest rate implicit in the lease.

Plant and Equipment

Equipment is initially recorded at cost. When the assets are put in use, they will be amortized over their estimated useful lives, using the methods and rates noted below. Once equipment has been amortized to a nominal net book value, the balances are written off. Plant and equipment is being depreciated on a straight-line basis at the following rates: Equipment – 10 years. Right to use assets and leasehold improvements are being depreciated on a straight-line basis over the term of the lease.

Financial instruments

The Company follows IFRS 9, *Financial Instruments*, which applies uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The classification is based on two criteria: the Company's business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

2. Significant accounting policies (cont'd)

Financial instruments

Financial liabilities under IFRS 9 are generally classified and measured at fair value at initial recognition and subsequently measured at amortized cost.

Financial assets

The Company initially recognizes financial assets at fair value on the date that the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Classification and measurement

Under IFRS 9, financial assets are initially measured at fair value. In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Company's business objective for managing the asset and the cash flow characteristics of the asset:

- (i) Amortized cost – Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as Other income (expense) in the financial statements, and gains/losses are recognized in net income (loss) when the asset is derecognized or impaired.
- (ii) Fair value through other comprehensive income ("FVOCI") – Financial assets held to achieve a particular business objective other than short-term trading are designated at FVOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVOCI. There is no recycling of gains or losses through net income (loss). Upon derecognition of the asset, accumulated gains or losses are transferred from other comprehensive income ("OCI") directly to Deficit.
- (iii) FVTPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

The Company measures cash at amortized cost.

Financial liabilities

The Company initially recognizes financial liabilities at fair value on the date at which the Company becomes a party to the contractual provisions of the instrument. The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

- (i) FVTPL – Derivative financial instruments entered into by the Company that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).
- (ii) Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) when the liabilities are derecognized as well as through the amortization process.

The company measures accounts payable and accrued liabilities, amounts due related parties, loan and interest payable and lease payable at amortized cost.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

2. Significant accounting policies (cont'd)

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Company's liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Impairment of assets

At the end of each reporting period the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Leases

The Company has accounted for leases in accordance with IFRS 16, *Leases*. Contract arrangements are reviewed to determine if the agreement includes identifiable assets that the Company has the right to obtain sustainably all the economic benefits from the use of the asset during the period of use. A right-to-Use asset and lease liability are created based on the amortized value discounted by the implicit interest rate in the agreement or the calculated corporate borrowing rate. The Right-to-Use assets are depreciated on a straight-line bases over the life of the lease.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

2. Significant accounting policies (cont'd)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

3. New standards, amendments and interpretations

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2021. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

4. Receivable

Current receivables consist of government harmonized sales taxes receivable at September 30, 2021 of \$30,277 (September 30, 2020 - \$nil).

5. Inventory

Inventory at September 30, 2021 of \$8,458 (September 20, 2020 - \$nil) consists of raw material costs to be used in production of the finished products.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

6. Plant and equipment

	Leasehold Improvements	Equipment	Right to Use Assets	Total
	\$	\$	\$	\$
Costs				
Opening balance	-	-	-	-
Additions	38,264	64,978	41,946	145,188
September 30, 2020	38,264	64,978	41,946	145,188
Additions	8,876	35,530	33,675	78,081
September 30, 2021	47,140	100,508	75,621	223,269
Depreciation				
Opening balance	-	-	-	-
2020 depreciation	-	-	3,701	3,701
September 30, 2020	-	-	3,701	3,701
Current depreciation	7,304	6,688	15,686	29,678
September 30, 2021	7,304	6,688	19,387	33,379
Net Book Value September 30, 2020	38,264	64,978	38,245	141,487
Net Book Value September 30, 2021	39,836	93,820	56,234	189,890

7. Intangible asset

On June 30, 2020, the Company entered into an Intellectual Property Assignment Agreement with a related entity, 100 THX Inc., whereby 100 THX Inc. assigned and transferred certain intellectual property to the Company in exchange for 1,170,000 common shares, valued at \$0.05 per share for a total value of \$58,500. During the year ended September 30, 2021, \$4,900 (2020 - \$nil) was amortized and the value at September 30, 2021 was \$53,600 (September 30, 2020 - \$58,500). The Company is amortizing the asset over 7 years.

8. Accounts payable and accrued liabilities

	September 30, 2021	September 30, 2020
	\$	\$
Accounts payable	83,116	13,552
Accrued liabilities	12,300	21,612
	95,416	35,164

9. Secured loan and interest payable

The Company signed two loan agreements with BMGB Capital Corp ("BMGB") on May 6, 2020. One agreement provided for a loan of 25,000 and the other provided a line of credit for \$75,000. Interest of 6% per annum, calculated and compounded monthly is charged on both loans. At September 30, 2021, the amount advanced to the Company was \$98,500 and interest of \$7,057 (September 30, 2020 - \$909) was accrued for a total payable of \$105,557 (September 30, 2020 - \$99,409). The loan was originally due on December 31, 2020 but under the latest amending agreement, has been extended to June 30, 2022. It is secured by a general security agreement covering all current and future assets.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

10. Lease liability

The Company entered a contractual arrangement to lease premises starting May 1, 2020. On February 20, 2021, the terms of the lease were changed to reflect an increase in square footage occupied and the lease was extended for an additional two years. The terms of the lease call for minimum monthly lease payments of \$1,347 until March 31, 2021, \$1,510 for two years and three months, \$1,626 for the fourth year and \$1,664 for the fifth year. The Company recorded the lease and a right-to-use asset of \$41,946 initially and increased both by \$33,675 when the terms of the lease were changed for a total value of \$75,621. The present value of the payments was discounted at 7%.

Future lease payment are as follows:

	Year ended September 30, 2021 \$	Inception to September 30, 2020 \$
2021	-	16,166
2022	18,116	16,415
2023	18,812	9,780
2024	19,741	-
2025	9,987	-
Total lease payments	66,656	42,361
Discount	7,855	3,742
Payments on principal	58,801	38,619
Current principal payments	14,457	13,903
Long term portion	44,344	24,716

11. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 14,500,000 shares issued and outstanding as at September 30, 2021 (September 30, 2020 – 8,435,000). The transactions giving rise to these shares are as follows:

During the period ending September 30, 2021

- On October 1, 2020, the Company issued 6,065,000 common shares at a price of \$0.075 each for total proceeds of \$454,875.

During the period from inception on February 26, 2020 to September 30, 2020:

- On May 1, 2020, The Company authorized 1,170,000 common shares to be issued at \$0.05 for a fair value of \$58,500 in exchange for the transfer of certain intellectual property.
- On May 1, 2020, the Company issued 7,265,000 common shares at a price of \$0.05 each for total proceeds of \$363,250.
- The Company agreed to issue 65,000 shares valued at \$0.075 each for costs incurred in the construction of leasehold improvements. These shares, with a total value of \$4,875, were part of the shares issued on October 1, 2020.
- The Company received \$330,000 in subscriptions, which were part of the shares issued on October 1, 2020.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

12. Related party transactions

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the year ended September 30, 2021, is \$280,635 (2020 - \$411,087). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Year ended September 30, 2021	Inception to September 30, 2020
	\$	\$
CEO and director management fees	96,000	160,500
CFO and director management and consulting fees	54,086	136,950
Consulting fees paid to director	52,800	-
Consulting fees paid to a company controlled by a director	69,666	113,637
Lease paid to a company controlled by directors-	8,083	-
Total	280,635	411,087

As at September 30, 2021, an amount of \$287,720 (September 30, 2020 - \$138,452) was due to related parties for unpaid fees, lease and advances, and \$38,000 in loans (September 30, 2020 \$nil). The amounts are unsecured, without interest and due on demand.

13. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue the Company's objectives. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

In the management of capital, the Company includes its cash balances and components of shareholders' equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company's development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

14. Financial Instruments and Other Instruments

	<i>Ref.</i>	<i>September 30,</i> <i>2021</i>	<i>September 30,</i> <i>2020</i>
			\$
Other financial assets	a	34,348	194,938
Other financial liabilities	b	607,847	311,644

a. Comprised of cash and receivables

b. Comprised of accounts payable and accrued charges, amounts due to related parties, loans and interest payable and lease payable.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

14. Financial Instruments and Other Instruments (cont'd)

Financial Risk Management

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2021, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

Liquidity risk (cont'd)

As at September 30, 2021, the Company had a cash balance of \$4,071 (September 30, 2020 - \$194,938) to settle current liabilities of \$563,503 (September 30, 2020 - \$286,928). So far, the Company's source of funding has been the issuance of equity securities for cash through private placements and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

14. Financial Instruments and Other Instruments (cont'd)

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2021, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

15. Commitments

The Company leases the premises at Unit 1 - 5205 Harvester Road, Burlington, Ontario of approximately 1,852 square feet with the lease paid monthly at the beginning of each month. Effective April 1, 2021, the rate for two years is \$18,115 annually, effective April 1, 2023, the rate changes to \$19,509 annually for one year and effective April 1, 2024 the rate is \$19,974 for the final year. The term of the lease is for a total of five years commencing May 1, 2020. The lease is renewable at the Company's option and has been classified as a right-to-use asset.

On January 18, 2021, the Company entered into a share exchange agreement with BMGB that was amended on December 31, 2021, stipulating a closing date of June 30, 2022. The transaction is intended to qualify as BMGB's qualifying transaction pursuant to the policies of the TSX Venture Exchange. Under the terms of the agreement, the Company's shareholders will sell 100% of their shares in the Company and receive 21,340,000 shares of BMGB, at a deemed price of \$0.25, representing an aggregate valuation for the Company of \$5,335,000. Closing is subject to completion of certain conditions precedent, including without limitation: completion by BMGB of a private placement for gross proceeds of no less than \$1,500,000; the preparation and filing of a Filing Statement with the Exchange and receipt of all necessary regulatory and Exchange approvals. The Company committed to issue 340,000 shares for finder's fees.

16. Segment information

The Company has one reportable segment, being the manufacture and research of nano-technology products and materials using Computerized Nano-meter Algorithms in Ontario, Canada.

17. Supplemental disclosure with respect to cash flows Significant Non-Cash

For the year ended September 30, 2021:

- a. Lease payments of \$13,959 were unpaid at the period end and were included in amounts due to related party.
- b. The Company capitalized \$33,675 in future lease payments as a right-to-use asset.
- c. Adjustments made for unpaid amounts at September 30, 2020 ("b" and "c" noted below) were reversed as those expenditures were paid during the year ended September 30, 2021.

For the period from inception to September 30, 2020:

- a. The Company capitalized \$41,946 in future lease payments as a right-to-use asset.
- b. \$13,552 in equipment purchases were unpaid at the period end and were included in accounts payable.
- c. \$15,672 in equipment purchases and \$4,042 for lease payments were unpaid at the period end and were included in amounts due to related parties.
- d. Intangible assets were purchased by issuing shares worth \$58,500.
- e. The Company has an obligation to issue shares worth \$4,875 for costs incurred in acquiring plant and equipment.

NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the nine-month period ended September 30, 2021

18. Income taxes

Income tax reconciliation

The Company's income tax provision differs from that which would be expected from applying the combined effective Canadian federal and provincial income tax rates of 26.5% to the net loss before income taxes as follows:

	September 30, 2021	September 30, 2020
	\$	\$
Net loss for the period	(524,832)	(673,344)
Expected income tax (recovery)	(139,000)	(178,000)
Unrecognized tax benefits	139,000	178,000
Income tax recovery	-	\$ -

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

	September 30, 2021	September 30, 2020
	\$	\$
Non-capital losses	312,000	178,000
Right-to-use asset	2,000	-
Equipment	3,000	-
Valuation allowance	(317,000)	(178,000)
Deferred tax assets recognized	-	-

As at September 30, 2021, the Company has accumulated a non-capital loss for Canadian income tax purposes of approximately \$1,176,700 that may be applied to reduce future taxable income. The ability to utilize this loss expires as follows: expiring in 2040 - \$673,000; expiring in 2041 - \$503,700

Condensed Interim Financial Statements

Navco Pharmaceuticals Limited



As at June 30, 2022

(Expressed in Canadian dollars)

K. R. MARGETSON LTD.

331 East 5th Street
North Vancouver BC V7L 1M1
keith@krmargetson.com

Chartered Professional Accountant

Tel: 604.220.7704
Fax: 1.855.603.3228

INDEPENDENT REVIEW ENGAGEMENT REPORT

I have reviewed the accompanying condensed interim financial statements of Navco Pharmaceuticals Limited that comprise the statement of financial position as at June 30, 2022, and statements of loss and comprehensive loss, changes in equity (deficiency) and cash flows for the nine months then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these condensed interim financial statements in accordance with International Financial Reporting Standards 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying condensed interim financial statements based on my review. I conducted my review in accordance with International Financial Reporting Standards, which require me to comply with relevant ethical requirements. A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures - primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures - and evaluates the evidence obtained. The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these condensed interim financial statements.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the condensed interim financial statements do not present fairly, in all material respects, the financial position of Navco Pharmaceuticals Limited as at June 30, 2022, and the results of its operations, changes in equity (deficiency) and its cash flows for the nine months then ended in accordance with International Financial Reporting Standards.

Emphasis of matter – Going concern

Without qualifying my conclusion, I draw attention to Note 1 in the condensed interim financial statements which describes conditions and matter that indicate the existence of a material uncertainty that may cast significant doubt about Navco Pharmaceutical Limited's ability to continue as a going concern.



Chartered Professional Accountant
September 14, 2022
North Vancouver, Canada

NAVCO PHARMACEUTICALS LIMITED
CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
As at June 30, 2022 and September 30, 2021
(Expressed in Canadian dollars)

	Notes	June 30, 2022	September 30, 2021
ASSETS		\$	\$
Cash		-	4,071
Receivable	4	51,185	30,277
Inventory	5	6,265	8,458
Total current assets		57,450	42,806
Non-current assets			
Plant and equipment	6	161,769	189,890
Intangible asset	7	47,300	53,600
Total non-current assets		209,069	243,490
TOTAL ASSETS		266,519	286,296
LIABILITIES			
Current liabilities			
Bank overdraft		101	-
Accounts payable and accrued liabilities	8	176,852	95,416
Amounts due to related parties	13	533,612	325,720
Secured loan and interest payable	9	110,390	105,557
Other loans		60,153	22,353
Current portion of lease liability	12, 16	15,585	14,457
Total current liabilities		896,693	563,503
Non-Current liabilities			
Lease liability	12, 16	32,469	44,344
Total non-current liabilities		32,469	44,344
TOTAL LIABILITIES		929,162	607,847
SHAREHOLDERS' DEFICIENCY			
Share capital	14	876,625	876,625
Accumulated deficit		(1,539,268)	(1,198,176)
TOTAL SHAREHOLDERS' DEFICIENCY		(662,643)	(321,551)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		266,519	286,296

Nature and continuance of operations (Note 1)

Commitments (Note 16)

On behalf of the Board:

"Geoffrey Lee"

Director

"Chris Cooper"

Director

The accompanying notes are an integral part of these condensed interim financial statements.

NAVCO PHARMACEUTICALS LIMITED**CONDENSED INTERIM STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

For the nine months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Notes	For the Three Months Ended June 30, 2022 \$	For the Three Months Ended June 30, 2021 \$	For the Nine Months Ended June 30, 2022 \$	For the Nine Months Ended June 30, 2021 \$
Revenue					
Consulting		15,796	5,979	53,534	15,226
		15,796	5,979	53,534	15,226
General and administrative expenses					
Consulting fees	13	29,935	29,454	109,039	127,937
Amortization		2,100	2,800	6,300	2,800
Depreciation		9,374	12,902	28,121	20,304
Interest on loan		1,635	1,540	4,833	4,568
Interest on lease		977	1,326	2,932	2,579
Management fees	13	46,200	46,200	138,600	138,600
Office and general	13	25,074	19,770	49,059	54,698
Professional fees		900	37,740	7,100	42,640
Wages and benefits		7,796	6,908	48,642	42,655
		123,991	(158,640)	394,626	436,781
Net loss and comprehensive loss for the period		(108,195)	(152,661)	(341,092)	(421,555)
Basic and diluted loss per common share		\$(0.01)	\$(0.01)	\$(0.02)	\$(0.03)
Weighted average number of common shares outstanding		14,500,000	14,500,000	14,500,000	14,300,495

The accompanying notes are an integral part of these condensed interim financial statements.

NAVCO PHARMACEUTICALS LIMITED

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (DEFICIENCY)

For the nine months ended June 30, 2022 and 2021

(Expressed in Canadian dollars)

	Number of shares	Share capital	Subscriptions Received	Obligation to issue shares	Accumulated Deficit	Shareholders' Equity (Deficiency)
		\$	\$	\$	\$	\$
Balance, September 30, 2020	8,435,000	421,750	330,000	4,875	(673,344)	83,281
Shares issue for cash at \$0.075/share	6,065,000	454,875	(330,000)	(4,875)	-	120,000
Net loss and comprehensive loss for the period	-	-	-	-	(421,555)	(421,555)
Balance, June 30, 2021	14,500,000	876,625	-	-	(1,094,899)	(218,274)
Balance, September 30, 2021	14,500,000	876,625	-	-	(1,198,176)	(321,551)
Net loss and comprehensive loss for the period	-	-	-	-	(341,092)	(341,092)
Balance, June 30, 2022	14,500,000	876,625	-	-	(1,539,268)	(662,643)

The accompanying notes are an integral part of these condensed interim financial statements.

NAVCO PHARMACEUTICALS LIMITED
CONDENSED INTERIM STATEMENT OF CASH FLOWS
For the nine months ended June 30, 2022 and 2021
(Expressed in Canadian dollars)

	For the Nine Months Ended June 30, 2022	For the Nine Months Ended June 30, 2021
	\$	\$
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the period	(341,092)	(421,555)
Items not affecting cash		
Amortization	6,300	2,800
Depreciation	28,121	20,304
Interest on leases	2,932	2,579
Interest on loan	4,833	4,568
Changes in non-cash working capital items:		
Accounts payable and accrued liabilities	81,436	63,402
Amounts due related parties	205,359	114,525
Receivable	(20,908)	(23,905)
Inventory	4,726	(4,938)
	<u>(28,293)</u>	<u>(242,220)</u>
CASH FLOWS TO INVESTING ACTIVITIES		
Plant and equipment purchases	-	(64,858)
	<u>-</u>	<u>(64,858)</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Common shares issued for cash	-	120,000
Loan proceeds	37,800	-
Lease payments	(13,679)	(2,695)
	<u>24,121</u>	<u>117,305</u>
Change in cash for the period	(4,172)	(189,773)
Cash, beginning of the period	4,071	194,938
Cash, end of the period	(101)	5,165

Supplemental disclosures with respect to cash flows are as follows:

For the period to June 30, 2022, \$2,533 in inventory costs were unpaid at the period end and were included in amounts due to related party.

For the period to June 30, 2021:

- \$8,772 in plant and equipment purchases, \$3,451 in inventory costs and \$13,959 for lease payments were unpaid at the period end and were included in amounts due to related party.
- The following amounts were unpaid as at September 30, 2020 and were reversed during the nine month period: \$15,672 for equipment purchases and \$4,042 for lease payments were included in amounts due to related party, and \$13,552 for equipment purchases was included in accounts payable.

The accompanying notes are an integral part of these condensed interim financial statements.

NAVCO PHARMACEUTICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For the nine-month period ended June 30, 2022

1. Nature and continuance of operations

Navco Pharmaceuticals Limited (the “Company”) was incorporated under the Canada Business Corporations Act on February 26, 2020.

The Company’s registered office is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

Navco is a start-up company, that through its purchase of intellectual property, plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Company’s products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

These condensed interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the period ended June 30, 2022, the Company incurred a net loss and comprehensive loss of \$341,092 (2021 - \$421,555) and had an accumulated deficit of \$1,539,268 as of June 30, 2022 which raises uncertainties as to the ability of the Company to continue as a going concern. These condensed interim financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and thus be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these condensed interim financial statements.

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.

2. Significant accounting policies

Statement of compliance

These condensed interim financial statements have been prepared in accordance with IAS 34, “Interim Financial Reporting” (“IAS 34”) as issued by the International Financial Accounting Standards Board (“IASB”). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”), as issued by the IASB, have been omitted or condensed and, accordingly, should be read in conjunction with the Company’s annual financial statements for the period ended September 30, 2021.

The preparation of condensed interim financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates and management to exercise judgment in applying the Company’s accounting policies.

These condensed interim financial statements were approved for issue by the Board of Directors on September 14, 2022.

3. Significant accounting policies (cont'd...)

Significant accounting judgments, estimates and assumptions

The preparation of the condensed interim financial statements in accordance with IFRS requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported revenues and expenses during the period. Although management uses historical experience and its best knowledge of the amount, events or actions to form the basis for judgments and estimates, actual results may vary from these estimates.

In preparing these condensed interim financial statements, significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the audited financial statements for the period ended September 30, 2021.

Basis of measurement and presentation

The condensed interim financial statements have been prepared using the same accounting policies and methods as those used in the audited financial statements for the year ended September 30, 2021. These condensed interim financial statements have been prepared on a historical cost basis, except for financial instruments classified at fair value through profit and loss, which are stated at their fair value and are presented in Canadian dollars, which is also the Company's functional currency. In addition, these condensed interim financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. New standards, amendments and interpretations

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2021. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

4. Receivable

Current receivables consist of government harmonized sales taxes receivable at June 30, 2022 of \$51,185 (September 30, 2021 - \$30,277).

5. Inventory

Inventory at June 30, 2022 of \$6,265 (September 30, 2021 - \$8,458) consists of raw material costs to be used in production of the finished products. Currently the inventory is being used to produce samples as the Company has not commenced production. During the period ended June 30, 2022, the company expensed inventory costs of \$4,726 (2021 - \$nil).

NAVCO PHARMACEUTICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For the nine-month period ended June 30, 2022

6. Plant and equipment

	Leasehold Improvements	Equipment	Right to Use Assets	Total
	\$	\$	\$	\$
Costs				
Balance, September 30, 2020	38,264	64,978	41,946	145,188
Additions	8,876	35,530	33,675	78,081
September 30, 2021 and June 30, 2022	47,140	100,508	75,621	223,269
Depreciation				
Balance, September 30, 2020	-	-	3,701	3,701
2021 depreciation	7,304	6,688	15,686	29,678
September 30, 2021	7,304	6,688	19,387	33,379
Current depreciation	8,343	7,542	12,236	28,121
June 30, 2022	15,647	14,230	31,623	61,500
Net Book Value September 30, 2021	39,836	93,820	56,234	189,890
Net Book Value June 30, 2022	31,493	86,278	43,998	161,769

7. Intangible asset

On June 30, 2020, the Company entered into an Intellectual Property Assignment Agreement with a related entity, 100 THX Inc., whereby 100 THX Inc. assigned and transferred certain intellectual property to the Company in exchange for 1,170,000 common shares, valued at \$0.05 per share for a total value of \$58,500. The Company is amortizing the asset over 7 years.

	June 30, 2022	September 30, 2021
	\$	\$
Cost, opening balance	58,500	58,500
Accumulated amortization, opening balance	4,900	-
Amortization for the period	6,300	4,900
Accumulated amortization, end of period	11,200	4,900
Net Book Value, end of period	47,300	53,600

8. Accounts payable and accrued liabilities

	June 30, 2022	September 30, 2021
	\$	\$
Accounts payable	152,934	83,116
Accrued liabilities	23,918	12,300
	176,852	95,416

NAVCO PHARMACEUTICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For the nine-month period ended June 30, 2022

9. Secured loan and interest payable

The Company signed two loan agreements with BMGB Capital Corp (“BMGB”) on May 6, 2020. One agreement provided for a loan of 25,000 and the other provided a line of credit for \$75,000. Interest of 6% per annum, calculated and compounded monthly is charged on both loans. At June 30, 2022, the amount advanced to the Company was \$98,500 and interest of \$11,890 (September 30, 2021 - \$7,057) was accrued for a total payable of \$110,390 (September 30, 2021 - \$105,557). The loan was originally due on December 31, 2020 but under the latest amending agreement, has been extended to December 31, 2022. It is secured by a general security agreement covering all current and future assets.

10. Management of capital

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to pursue the Company’s objectives. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company’s management to sustain future development of the business.

In the management of capital, the Company includes its cash balances and components of shareholders’ equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

At this stage of the Company’s development, in order to maximize ongoing development efforts, the Company does not pay out dividends. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable.

12. Lease liability

The Company entered a contractual arrangement to lease premises starting May 1, 2020. On February 20, 2021, the terms of the lease were changed to reflect an increase in square footage occupied and the lease was extended for an additional two years. The terms of the lease call for minimum monthly lease payments of \$1,347 until March 31, 2021, \$1,510 for the second year, 1541 for the third year, \$1,626 for the fourth year and \$1,664 for the fifth year. The Company recorded the lease and a right-to-use asset of \$41,946 initially and increased both by \$33,675 when the terms of the lease were changed for a total value of \$75,621. The present value of the payments was discounted at 7%.

Future lease payment are as follows:

	Period ended June 30, 2022	Year ended September 30, 2021
	\$	\$
Payments in Year 1	18,464	18,116
2	19,625	18,812
3	14,980	19,741
4	-	9,987-
Total lease payments	53,069	66,656
Discount	5,015	7,855
Payments on principal	48,054	58,801
Current principal payments	15,585	14,457
Long term portion	32,469	44,344

NAVCO PHARMACEUTICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For the nine-month period ended June 30, 2022

13. Related party transactions

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the period ended June 30, 2022, is \$196,690 (2021 - \$236,373). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Period ended June 30, 2022	Period ended June 30, 2021
	\$	\$
Management fees paid or accrued to the former CEO and director	72,000	72,000
Management fees and consulting paid or accrued to a company controlled by the CFO, and director	27,000	44,286
Management fees paid or accrued to a director	39,600	39,600
Consulting fees paid or accrued to a company controlled by a director	53,590	67,875
Rent paid or accrued to a company controlled by the CFO	4,500	12,612
Total	196,690	236,373

As at June 30, 2022, an amount of \$489,758 (September 30, 2021 - \$\$287,720) was due to related parties for unpaid fees, lease and advances, and \$43,854 in loans (September 30, 2021 \$38,000). The amounts are unsecured, without interest and due on demand.

14. Share Capital

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 14,500,000 shares issued and outstanding as at June 30, 2022 and September 30, 2021. The transactions giving rise to these shares are as follows:

There were no share issuances during the period ending June 30, 2022

During the year ended September 30, 2021:

- On October 1, 2020, the Company issued 6,065,000 common shares at a price of \$0.075 each for total proceeds of \$454,875.

15. Financial Instruments and Other Instruments

	<i>Ref.</i>	<i>June 30, 2022</i>	<i>September 30, 2021</i>
		\$	\$
Other financial assets	a	-	4,071
Other financial liabilities	b	929,162	607,847

a. Comprised of cash

b. Comprised of accounts payable and accrued charges, amounts due to related parties, loans and interest payable and lease payable.

15. Financial Instruments and Other Instruments (cont'd...)

Financial Risk Management

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At June 30, 2022, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at June 30, 2022, the Company had an overdraft balance of \$101 (September 30, 2021 – cash balance of \$4,071) to settle current liabilities of \$896,693 (September 30, 2021 - \$563,503). So far, the Company's source of funding has been the issuance of equity securities for cash through private placements, loans and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

NAVCO PHARMACEUTICALS LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian dollars)
For the nine-month period ended June 30, 2022

15. Financial Instruments and Other Instruments (cont'd...)

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At June 30, 2022, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

16. Commitments

The Company leases the premises at Unit 1 - 5205 Harvester Road, Burlington, Ontario of approximately 1,858 square feet with the lease paid monthly at the beginning of each month. Effective April 1, 2020, the rate for two years is \$18,115 annually, effective April 1, 2022, the rate changes to \$18,487 annually, effective April 1, 2023, the rate changes to \$19,509 annually for one year and effective April 1, 2024 the rate is \$19,974 for the final year. The term of the lease is for a total of five years commencing May 1, 2020. The lease is renewable at the Company's option and has been classified as a right-to-use asset.

On January 18, 2021, the Company entered into a share exchange agreement with BMGB, as amended, stipulating a closing date of no later than December 31, 2022. The transaction is intended to qualify as BMGB's qualifying transaction pursuant to the policies of the TSX Venture Exchange. Under the terms of the agreement, the Company's shareholders will sell 100% of their shares in the Company and receive 21,340,000 shares of BMGB, at a deemed price of \$0.15, representing an aggregate valuation for the Company of \$3,201,000. Closing is subject to completion of certain conditions precedent, including without limitation: completion by BMGB of a private placement for gross proceeds of no less than \$2,000,000; the preparation and filing of a Filing Statement with the Exchange and receipt of all necessary regulatory and Exchange approvals. The Company committed to issue 340,000 shares for finder's fees.

17. Segment information

The Company has one reportable segment, being the manufacture and research of nano-technology products and materials using computerized nano-meter algorithms in Ontario, Canada.

Combined Financial Statements

100 THX Inc. and Navco Pharmaceuticals Limited

As at September 30, 2020

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
100 THX Inc. and Navco Pharmaceuticals Limited:

Opinion

I have audited the accompanying combined financial statements of 100 THX Inc. and Navco Pharmaceuticals Limited, which comprise the combined statements of financial position as at September 30, 2020 and 2019 and the statements of loss and comprehensive loss, changes in shareholders' deficiency and cash flows for the year ended September 30, 2020 and for the period from incorporation, August 21, 2018 to September 30, 2019 and a summary of significant accounting policies and other explanatory information.

In my opinion, these combined financial statements present fairly, in all material respects, the combined financial position of 100 THX Inc. and Navco Pharmaceuticals Limited as at September 30, 2020 and 2019 and their financial performance and their cash flows for the year ended September 30, 2020 and the period ended September 30, 2019 in accordance with International Financial Reporting Standards.

Basis for opinion

I conducted my audit in accordance with Canadian generally accepted auditing standards ("GAAS"). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Companies in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with the requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1 in the combined financial statements, which indicates that the combined Companies incurred a net loss of \$793,601 during the period from incorporation, August 21, 2018 to September 30, 2020. As stated in Note 1, this event or condition, along with other matters set forth in Note 1, indicated that a material uncertainty exists that may cast significant doubt on the Companies' ability to continue as a going concern. My opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises Management's Discussion and Analysis.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the combined financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audits or otherwise appears to be materially misstated. I obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work I have performed on this other information, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibility of Management and Those Charged with Governance for the Financial Statements.

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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 Companies' 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 intends to liquidate the Companies or to cease operation, or has no realistic alternative but to do so.

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

K. R. Margetson Ltd.
331 East 5th Street
North Vancouver BC, V7L 1M1

Auditor's Responsibility

My objectives are to obtain reasonable assurance about whether the combined 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 my opinion. Reasonable assurance is a high level of assurance, but it is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the combined 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 my 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 Entity'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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the combined financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the combined financial information of the entities or business activities within the Companies to express an opinion on the financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I 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 I identify during my audit.



Chartered Professional Accountant

North Vancouver, Canada
August 31, 2021

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

COMBINED STATEMENTS OF FINANCIAL POSITION

As at September 30, 2020 and 2019

(Expressed in Canadian dollars)

As at September 30	Notes	2020	2019
ASSETS		\$	\$
Cash		208,417	1,215
Advances receivable		5,000	-
Prepaid deposits		2,449	-
Total current assets		215,866	1,215
Non-current assets			
Plant and equipment	4	144,245	-
Total non-current assets		144,245	-
TOTAL ASSETS		360,111	1,215
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	5	53,998	3,036
Bank loan	6	40,000	-
Secured loan and interest payable	7	99,409	-
Related party loans and advances	8	199,120	65,000
Current portion of lease payable	9	15,690	-
Total current liabilities		408,217	68,036
Non-Current liabilities			
Long term portion of lease payable	9	26,070	-
Total non-current liabilities		26,070	-
TOTAL LIABILITIES		434,287	68,036
SHAREHOLDERS' DEFICIENCY			
Share capital	10	384,550	300
Subscriptions received		330,000	-
Obligation to issue shares		4,875	-
Accumulated deficit		(793,601)	(67,121)
TOTAL SHAREHOLDERS' DEFICIENCY		(74,176)	(66,821)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIENCY		360,111	1,215

Nature and continuance of operations (Note 1)

Commitments (Note 16)

Subsequent event (Note 18)

On behalf of the Board:

"Marek Jasinski"

Director

"Chris Cooper"

Director

The accompanying notes are an integral part of these financial statements.

100 THX INC. and NAVCO PHARMACEUTICAL LIMITED

STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

For the year ended September 30, 2020 and the period ended September 30, 2019

(Expressed in Canadian dollars)

	Notes	For the Year Ended September 30, 2020 \$	For the Period from Inception to September 30, 2019 \$
General and administrative expenses			
Business development		432,782	25,012
Consulting fees	8	179,149	1,015
Depreciation		8,200	-
Insurance		1,890	-
Interest on lease		1,615	-
Interest on loan		909	-
Legal and professional fees		24,062	6,100
Management fees	8	33,450	-
Office and miscellaneous		13,366	8,066
Travel		1,028	14,392
Wages and employee benefits	8	30,029	12,536
Net loss and comprehensive loss for the year (period)		(726,480)	(67,121)

The accompanying notes are an integral part of these financial statements.

100 THX INC. and NAVCO PHARMACEUTICAL LIMITED
COMBINED STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY
For the period from incorporation, August 21, 2018 to September 30, 2020
(Expressed in Canadian dollars)

	Number of shares of 100 THX .	Number of shares of Navco	Subscriptions Received	Obligation to issue shares	Share capital	Accumulated Deficit	Shareholders' Equity (Deficiency)
	#	#	\$	\$	\$	\$	\$
Shares issued at incorporation, August 21, 2018	900,000	-	-	-	300	-	300
Net loss for the period		-	-	-		(67,121)	(67,121)
Balance, September 30, 2019	900,000	-	-	-	300	(67,121)	(66,821)
Shares issued in settlements of wages	700,000	-	-	-	21,000	-	21,000
Shares issued for cash at \$0.05/share	-	7,265,000	-	-	363,250	-	363,250
Shares issued to 100 THX Inc.	-	1,170,000	-	-	-	-	-
Obligation to issues shares at \$0.075	-	-	-	4,875	-	-	4,875
Shares subscriptions received	-	-	330,000	-	-	-	330,000
Net loss for the year	-	-	-	-	-	(726,480)	(726,480)
Balance, September 30, 2020	1,600,000	8,435,000	330,000	4,875	384,550	(793,601)	(74,176)

The accompanying notes are an integral part of these financial statements.

100 THX INC. and Navco Pharmaceuticals Limited

STATEMENT OF CASH FLOWS

For the year ended September 30, 2020 and the period ended September 30, 2019

(Expressed in Canadian dollars)

	For the Year Ended September 30, 2020	For the Period From Incorporation to September 30, 2019
	\$	\$
CASH FLOWS FROM (TO) OPERATING ACTIVITIES		
Net loss for the year (period)	(726,480)	(67,121)
Items not affecting cash		
Amortization	8,200	-
Interest on loan	909	-
Interest on leases	1,615	-
Wages	10,500	10,500
Changes in non-cash working capital items:		
Advances receivable	(5,000)	-
Prepaid deposits	(2,449)	-
Accounts payable and accrued liabilities	32,881	3,036
Related party loans and advances	128,949	-
	<u>(550,875)</u>	<u>(53,585)</u>
CASH FLOWS TO INVESTING ACTIVITIES		
Plant and equipment purchases	(69,144)	-
	<u>(69,144)</u>	<u>-</u>
CASH FLOWS FROM (TO) FINANCING ACTIVITIES		
Common shares issued for cash	363,250	300
Subscriptions received	330,000	-
Bank loan	40,000	-
Secured loan proceeds	98,500	-
Shareholder loans	-	54,500
Lease payments	(4,529)	-
	<u>827,221</u>	<u>54,800</u>
Change in cash for the year (period)	207,202	1,215
Cash, beginning of the year (period)	1,215	-
Cash, end of the year (period)	208,417	1,215

Supplemental information on cash flows (Note 11)

The accompanying notes are an integral part of these financial statements.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

1. Nature and continuance of operations

100 THX INC. (“100 THX”) was incorporated under the Canada Business Corporations Act on August 21, 2018 and Navco Pharmaceuticals Limited (“Navco”) was also incorporated under the same Act on February 26, 2020 (collectively the “Companies”). The registered office for both Companies is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

The Companies are start-up operations, with plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Companies’ products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

These combined financial statements have been prepared on the assumption that the Companies will continue as going concerns, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the year ended September 30, 2020, the Companies incurred a net loss and comprehensive loss of \$726,480 (2019 – net loss of \$67,121) and had an accumulated deficit of \$ 793,601 as of September 30, 2020 which raises uncertainties as to the ability of the Companies to continue as a going concern. These combined financial statements do not give effect to any adjustments which would be necessary should the Companies be unable to continue as going concerns and thus be required to realize their assets and discharge their liabilities in other than the normal course of business and at amounts different from those reflected in these combined financial statements.

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 Companies to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Companies’ business or ability to raise funds.

2. Significant accounting policies

Basis of presentation

These combined financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board effective as of August 31, 2021, the date the Board of directors approved these statements.

The combined financial statements have been prepared on a historical cost basis, except for financial instruments classified 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.

These combined statements include the financial position, performance and cash flows of 100THX and Navco as at September 30, 2020 and 2019. All intercompany balances and transaction have been eliminated upon combination. Certain adjustments have been made to their individual financial statements as described in Note 14.

Significant accounting judgments, estimates and assumptions

The preparation of the Companies’ financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management’s experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Management must make significant judgments or assessments as to how financial assets and liabilities are categorized.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

2. Significant accounting policies (cont'd)

Significant judgments used in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Significant accounting judgments, estimates and assumptions

a) Going concern

The assessment of the Companies' ability to execute their strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances (Note 1).

b) The recoverability and measurement of deferred tax assets and liabilities

Tax interpretations, regulations, and legislation in the various jurisdictions the Companies operates are subject to change. The determination of income tax expense and deferred tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Companies operates. The Companies are subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred taxes or the timing of tax payments.

c) The estimated useful lives and residual value of equipment

The calculation of depreciation involves estimates concerning the economic life and salvage value of equipment.

d) Leases

The Companies applies judgement to determine whether an arrangement contains a lease. The evaluation requires the Companies to determine whether a contract conveys the right to direct the use of an identified asset, the supplier has a substantive substitution right, the Companies has the right to obtain substantially all of the economic benefits from use of the asset throughout the period and whether renewal options are reasonably certain of being exercised. For those arrangements considered to be a lease, further judgement is required to determine the lease term and the interest rate implicit in the lease.

Plant and Equipment

Equipment is initially recorded at cost. When the assets are put in use, they will be amortized over their estimated useful lives, using the methods and rates noted below. Once equipment has been amortized to a nominal net book value, the balances are written off. Plant and equipment is being depreciated on a straight-line basis at the following rates: Equipment – 10 years. Right to use assets and leasehold improvements are being depreciated on a straight-line basis over the term of the lease.

Financial instruments

The Companies follow IFRS 9, *Financial Instruments*, which uses a single approach to determine whether a financial asset is measured at amortized cost or fair value. The classification is based on two criteria: the Companies' business objectives for managing the assets; and whether the financial instruments' contractual cash flows represent "solely payments of principal and interest" on the principal amount outstanding (the "SPPI test"). Financial assets are required to be reclassified only when the business model under which they are managed has changed. All reclassifications are to be applied prospectively from the reclassification date.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

2. Significant accounting policies (cont'd)

Financial instruments

Financial assets

The Companies initially recognizes financial assets at fair value on the date that the Companies becomes a party to the contractual provisions of the instrument. The Companies derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

Classification and measurement

In the case of a financial asset not categorized as fair value through profit or loss ("FVTPL"), transaction costs are included. Transaction costs of financial assets carried at FVTPL are expensed in net income (loss). Subsequent classification and measurement of financial assets depends on the Companies' business objective for managing the asset and the cash flow characteristics of the asset:

- (i) Amortized cost – Financial assets held for collection of contractual cash flows that meet the SPPI test are measured at amortized cost. Interest income is recognized as *Other income (expense)* in the financial statements, and gains/losses are recognized in net income (loss) when the asset is derecognized or impaired.
- (ii) Fair value through other comprehensive income ("FVOCI") – Financial assets held to achieve a particular business objective other than short-term trading are designated at FVOCI. IFRS 9 also provides the ability to make an irrevocable election at initial recognition of a financial asset, on an instrument-by-instrument basis, to designate an equity investment that would otherwise be classified as FVTPL and that is neither held for trading nor contingent consideration arising from a business combination to be classified as FVOCI. There is no recycling of gains or losses through net income (loss). Upon derecognition of the asset, accumulated gains or losses are transferred from other comprehensive income ("OCI") directly to *Retained Earnings (Deficit)*.
- (iii) FVTPL – Financial assets that do not meet the criteria for amortized cost or FVOCI are measured at FVTPL.

The Companies measures cash and advances at amortized cost.

Financial liabilities

The Companies initially recognizes financial liabilities at fair value on the date at which the Companies becomes a party to the contractual provisions of the instrument. The Companies derecognizes a financial liability when contractual obligations are discharged, cancelled or expire. The subsequent measurement of financial liabilities is determined based on their classification as follows:

- (i) FVTPL – Derivative financial instruments entered into by the Companies that do not meet hedge accounting criteria are classified as FVTPL. Gains or losses on these types of financial liabilities are recognized in net income (loss).
- (ii) Amortized cost – All other financial liabilities are classified as amortized cost using the effective interest method. Gains and losses are recognized in net income (loss) when the liabilities are derecognized as well as through the amortization process.

The Companies measures accounts payable and accrued charges, bank loan, related party loans and lease payable at amortized cost .

Leases

The Companies have accounted for leases in accordance with IFRS 16, *Leases*. Contract arrangements are reviewed to determine if the agreement includes identifiable assets that the Companies has the right to obtain sustainably all the economic benefits from the use of the asset during the period of use. A right-to-Use asset and lease liability are created based on the amortized value discounted by the implicit interest rate in the agreement or the calculated corporate borrowing rate. The Right-to-Use assets are depreciated on a straight-line bases over the life of the lease.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

2. Significant accounting policies (cont'd)

Provisions

Provisions are recognized when the Companies have a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Provisions for environmental restoration, legal claims, onerous leases and other onerous commitments are recognized at the best estimate of the expenditure required to settle the Companies' liability.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. An amount equivalent to the discounted provision is capitalized within tangible fixed assets and is depreciated over the useful lives of the related assets. The increase in the provision due to passage of time is recognized as interest expense.

Impairment of assets

At the end of each reporting period the carrying amounts of the Companies' assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate and its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Loss per share

As the financial information has been prepared on a combined basis, it is not possible to measure earnings per share.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

2. Significant accounting policies (cont'd)

Income taxes

Current tax is the expected tax payable or receivable on the local taxable income or loss for the year, using local tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustments to tax payable or receivable in respect of previous years.

Deferred income taxes are recorded using the balance sheet liability method whereby deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 balance sheet date. Deferred tax is not recognized for temporary differences which arise on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting, nor taxable profit or loss.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they 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. New standards, amendments and interpretations

The Companies have reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2020. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

4. Plant and equipment

	Leasehold Improvements	Equipment	Right to Use Assets	Total
	\$	\$	\$	\$
Costs				
Opening balance	-	-	-	-
Additions	38,264	64,978	49,203	152,445
September 30, 2020				
Balance	38,264	64,978	49,209	152,445
Depreciation				
Opening balance	-	-	-	-
Current	-	-	8,200	8,200
September 30, 2020				
Balance			8,200	8,200
Net Book Value	38,264	64,978	41,009	144,245

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

5. Accounts payable and accrued liabilities.

As at September 30,	2020	2019
	\$	\$
Accounts payable	21,856	3,036
Accrued charges	32,142	-
	53,998	3,036

6. Bank Loan

100 THX applied for and received a \$40,000 Canadian Emergency Business Account (CEBA) loan on April 22, 2020. Under the terms of the CEBA loan no interest is charged up to December 31, 2022. If at that time, the loan has been repaid, \$10,000 will be forgiven. If not repaid, the loan will bear interest at 5% and will become due in full no later than December 31, 2025.

7. Secured loan and interest payable

Navco signed a promissory note with BMGB Capital Corp (“BMGB”) on August 5, 2020 for a potential maximum loan of \$100,000. At September 30, 2020 the amount advanced to Navco was \$98,500, Interest of \$909 was accrued at 6% per annum, compounded monthly for a total payable of \$99,409. The loan was originally due on December 31, 2020 but has been extended to September 30, 2021. It is secured by a general security agreement covering all current and future assets.

8. Related Party Loans and Transactions

The Companies considers officers and members of their Board of Directors as related parties. Key management costs for the period ended September 30, 2020 is \$437,361. Payments and accruals were made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

For the year ended September 30 (2019 – period)	2020	2019
	\$	\$
CEO and director wages and benefits and management and consulting fees	186,774	12,536
CFO and director management and consulting fees	136,950	-
Director Consulting fees	84,207	-
Director Consulting fees	13,180	-
Director Consulting fees	16,250	-
Total	437,361	12,536

At September 30, 2020, shareholder loans and advances were \$199,120 (2019 - \$65,000). The loans are unsecured, payable on demand and without interest.

9. Lease liability

100 THX entered a contractual arrangement to lease premises for three years starting April 1, 2020. The terms of the lease call for minimum monthly lease payments of \$1,347 until March 31, 2022 and \$1,397 for the following year. 100 THX recorded the lease and a right-to-use asset of \$49,203. The present value of the payments was discounted at 7%.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

9. Lease liability (continued)

Future lease payments as at September 30, 2020 are as follows:

	\$
2021	18,116
2022	18,301
2023	9,244
Total lease payments	45,661
Discount	3,901
Payments on principal	41,760
Current principal payments	15,690
Long term portion	26,070

10. Share Capital

Authorized share capital – both companies

Unlimited number of common shares without par value.

Issued share capital – 100THX

There are 1,600,000 shares issued and outstanding as at September 30, 2020 (September 30, 2019 – 900,000). The transactions giving rise to these shares are as follows:

During the year ended September 30, 2020;

- On November 5, 2019, 100THX issued 700,000 common shares in settlement of \$21,000 in wages at price of \$0.03 per common share

During the period ended September 30, 2019:

- On August 21, 2018, 100 THX issued 900,000 common shares at a price of \$0.000333 each for total proceeds of \$300.

No share options or share warrants have ever been issued.

Issued share capital – Navco

There are 8,435,000 shares issued and outstanding as at September 30, 2020. The transactions giving rise to these shares during the period from inception on February 26, 2020 to September 30, 2020 are as follows:

- On May 1, 2020, Navco authorized 1,170,000 common shares to be issued at \$0.05 for a fair value of \$58,500 in exchange for the transfer of certain intellectual property.
- On May 1, 2020, Navco issued 7,265,000 common shares at a price of \$0.05 each for total proceeds of \$363,250.

During the period, Navco agreed to issue 65,000 shares valued at \$0.075 each for costs incurred in the construction of leasehold improvements. These shares, with a total value of \$4,875, were part of the shares issued on October 1, 2020. (See Note 18, *Subsequent Events*.)

No share options or share warrants have ever been issued.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

11. Supplemental disclosure of cash flows:

For the year ended September 30, 2020:

- (a) \$49,203 in future lease payments was capitalized as a right to use asset;
- (b) \$4,529 in lease payments were unpaid at the year end and included in accounts payable;
- (c) \$13,552 in equipment purchases were unpaid at the year end and were included in accounts payable;
- (d) \$15,671 in equipment purchases were unpaid at the period end and were included in amounts due to related parties; and,
- (e) Navco had an obligation to issue shares worth \$4,875 for costs incurred in acquiring plant and equipment.
- (f) On November 5, 2019, 100 THX issued 700,000 common shares in lieu of \$21,000 salary for the CEO.

There were no supplemental disclosures required for the period ended September 30, 2019.

12. Financial Instruments and Other Instruments

<i>As at September 30,</i>	<i>Ref.</i>	<i>2020</i>	<i>2019</i>
		\$	\$
Other financial assets	a	213,417	1,215
Other financial liabilities	b	434,287	68,036

a. Comprised of cash and advances receivable

b. Comprised of accounts payable and accrued charges, bank loan, secured loan, related party loans and advances and lease payable.

Financial Risk Management

The Companies have determined the estimated fair values of their financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Companies' financial instruments are not materially different from their carrying values.

Financial risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Companies have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

12. Financial Instruments and Other Instruments (cont'd)

Credit risk

The Companies' credit risk is primarily attributable to cash and receivables. The Companies has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2020, management considers the Companies' exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Companies will not be able to meet their financial obligations as they fall due. The Companies have a planning and budgeting process in place to help determine the funds required to support the Companies' normal operating requirements on an ongoing basis. The Companies ensures that there are sufficient funds to meet their short-term business requirements, considering their anticipated cash flows from operations and their holdings of cash.

As at September 30, 2020, the Companies had a cash balance of \$208,417 (2019 – \$1,215) to settle current liabilities of \$408,217 (2019 - \$68,036). So far, the Companies' source of funding has been the issuance of equity securities for cash through private placements, bank loan, secured loan and loans and advances from related parties. The Companies' access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Companies are subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Companies manage their operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2020, the Companies were not exposed to significant interest rate risk.

b) Price risk

The Companies are exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Companies' earnings due to movements in individual equity prices or general movements in the level of the stock market. The Companies are not currently subject to price risk as it is not listed on a public stock exchange.

13. Management of capital

The Companies manage their capital structure and makes adjustments to it, based on the funds available to the Companies, in order to pursue the Companies' objectives. The Directors do not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Companies' management to sustain future development of the business.

In the management of capital, the Companies include their cash balances and components of shareholders' equity. The Companies manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Companies may attempt to issue new shares, issue debt, acquire or adjust the amount of cash and cash equivalents and investments.

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

13. Management of capital (cont'd)

At this stage of the Companies' development, in order to maximize ongoing development efforts, the Companies do not pay out dividends. Management reviews their capital management approach on an ongoing basis and believes that this approach, given the relative size of the Companies, is reasonable.

14. Adjustments required to effect the combining of the financial statements of 100 THX and Navco

100 THX has a June 30 year end and certain revenues and expenses of both companies result from inter-Companies transactions. Accordingly, the following adjustments were required in order to give a true and fair view of the state of affairs of these companies when their operation are combined into one entity.

- (a) Adjustments to account for the difference in year end of 100 THX from June 30 to September 30:
- (i) No adjustment was required to account for the period of 100 THX from July 1, 2019 to September 30, 2019.
 - (ii) The following adjustments were required to account for the period of 100 THX from July 1, 2020 to September 30, 2020:
 - \$14,569 was expended as follows:
 - \$2,414 was paid for accounts payable, \$810 for insurance, \$983 for office and miscellaneous expenses, and \$10,362 for wages and employee benefits.
 - Payroll of \$6,253 was incurred and unpaid.
 - Required monthly lease payments of \$1,510 were recorded (but unpaid) and the following accounts were adjusted as follows: depreciation was increased by \$4,100, additional interest on lease of \$775 was recorded, a reduction in lease payable of \$3,754 was recorded and accounts payable were increased by \$4,529.
- (b) The following adjustments were required to the accounts of Navco as at September 30, 2020:
- (i) All references to the right to use asset, lease liability, depreciation on the right to use asset and interest on the lease were eliminated.
 - (ii) The purchase of intellectual property from 100 THX was eliminated and shares issued on the transaction have been recorded as a reduction of share capital.
- (c) The following adjustment was required to the accounts of 100 THX as at September 30, 2020:
The sale of intellectual property was eliminated, resulting in the elimination of the investment and gain on sale of \$58,500.

15. Income taxes

Income tax reconciliation

The Companies' income tax provision differs from that which would be expected from applying the combined effective Canadian and provincial tax rates.

For the year (period) ended September 30,	2020	2019
	\$	\$
Net loss for the year	(726,480)	(67,121)
Expected income tax (recovery)	(196,000)	(8,000)
Effect of taxable income in 100THX eliminated on combination	4,000	-
Change in unrecognized tax benefits	192,000	8,000
Income tax recovery	-	-

100 THX INC. and NAVCO PHARMACEUTICALS LIMITED

NOTES TO THE COMBINED FINANCIAL STATEMENTS

(Expressed in Canadian dollars)

For the year ended September 30, 2020 and the period ended September 30, 2019

15. Income taxes (continued)

The significant components of the Companies' deferred tax assets and liabilities are as follows:

As at September 30,	2020	2019
	\$	\$
Non-capital losses	200,000	8,000
Valuation allowance	(200,000)	(8,000)
Deferred tax assets recognized	-	-

As at June 30, 2020, 100 THX has accumulated non-capital losses for Canadian income tax purposes of \$72,922 that may be applied to reduce future taxable income for Canadian income tax purposes. The losses expire in 20 years.

As at September 30, 2020, Navco has accumulated non-capital losses for Canadian income tax purposes of \$672,970 that may be applied to reduce future taxable income for Canadian income tax purposes. The losses expire in 20 years.

16. Commitments

The Companies lease the premises at Unit 1 - 5205 Harvester Road, Burlington, Ontario of approximately 1,858 square feet with the lease due monthly at the beginning of each month. The term of the lease is for a total of three years commencing April 1, 2020. The lease has been classified as a right-to-use asset. Effective April 1, 2020, the rate for two years is \$18,115 annually and effective April 1, 2022, the rate changes to \$18,478 annually. Effective April 1, 2023, the lease was mutually extended for a further 2 years. The annual rate for the first year is \$19,509 and for the second year is \$19,974.

17. Segment information

The Companies have one reportable segment, being the manufacture and research of nano-technology products and materials using Computerized Nano-meter Algorithms in Ontario, Canada.

18. Subsequent events

- On October 1, 2020, Navco issued 65,000 shares in settlement of \$4,875 in debt at a price of \$0.75 per common share.
- On October 1, 2020, Navco issued 5,400,000 shares at \$0.075 per share for total proceeds of \$405,000.
- On October 5, 2020, Navco issued 600,000 shares at \$0.075 per share for total proceeds of \$45,000.
- On October 28, 2020, Navco entered into an amended and restated binding letter of intent ("LOI-A") with BMGB (See Note 7). The LOI-A amends and restates the binding letter of intent respecting the transaction that was previously entered into by the parties on April 30, 2020. The transaction is intended to qualify as BMGB's qualifying transaction as defined by Policy 2.4 of the TSX Venture Exchange.
- On January 18, 2021, Navco entered into a share exchange agreement (the "SEA") with BMGB, which replaced the LOI-A. The SEA was amended as of March 31, 2021 and June 30, 2021.

Under the terms of the SEA and upon completion of the transaction, it is anticipated that the current shareholders of Navco will receive approximately 66% of the issued shares of the new entity.

**EXHIBIT D – MANAGEMENT’S DISCUSSION AND ANALYSIS OF NAVCO PHARMACEUTICALS LIMITED
AND 100THX INC.**

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

This Management Discussion and Analysis (“MD&A”) of Navco Pharmaceuticals Limited (“Navco” or the “Company”) has been prepared by management as of February 14, 2022 and should be read together with the audited financial statements and related notes for the period ended September 30, 2021 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated under the Canada Business Corporations Act on February 26, 2020. The Company’s registered office is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

Navco is a start-up company, that through its purchase of intellectual property, plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Company’s products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

Selected Annual Information

The following table provides a summary of the Company’s financial operations for year ended September 30, 2021 and the period from incorporation, February 26, 2020 to September 30, 2020. For more detailed information, refer to the September 30, 2021 audited financial statements.

	Year Ended September 30, 2021	Period from Incorporation February 26, 2020 to September 30, 2020
	\$	\$
Total revenue	15,525	Nil
General and administrative expenses	(540,357)	(673,344)
Loss and comprehensive loss for the year	(524,832)	(673,344)
Loss per share – basic and diluted	(0.04)	(0.11)
Total assets	286,296	394,925
Total liabilities	607,847	311,644

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

Summary of Quarterly Results

	Three Months Ending September 30, 2021	Three Months Ending September 30, 2021	Three Months Ending March 31, 2021	Three Months Ending December 31, 2020
	\$	\$	\$	\$
Revenue for the period	299	5,979	9,247	-
Net Loss for the Period	(103,277)	(152,661)	(96,721)	(172,173)
Loss per Share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ending September 30, 2020	Three Months Ending June 30, 2020	From Incorporation to March 31, 2020
	\$	\$	\$
Net Loss for the Period	(302,202)	(371,142)	Nil
Loss per Share	(0.04)	(0.07)	0.00

The Company was incorporated on February 26, 2020, and operations did not commence until May 1, 2020. Accordingly, there are only two months of actual operations for the period ended June 30, 2020.

Results of Operations

For the year ended September 30, 2021:

The Company had \$15,525 in revenue from operations for the year ended September 30, 2021 (2020 - \$nil). During the year ended September 30, 2021, the Company incurred a net loss of \$524,832 (2020 -\$673,344).

The general and administrative expenses for the year ended September 30 are summarized below:

	2021	2020
	\$	\$
Consulting fees	146,934	432,632
Corporate development	-	175,864
Amortization	4,900	-
Depreciation	29,678	3,701
Interest on loan	6,148	909
Interest on lease	3,648	715
Management fees	184,800	33,450
Office and general	57,934	7,661
Professional fees	46,440	18,412
Wages and benefits	59,875	-

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

Fourth Quarter

The significant costs for the three-month period ending September 30 are summarized below:

	2021	2020
	\$	\$
Consulting fees	18,997	151,703
Corporate development	-	86,070
Management fees	46,200	33,450
Office and general	3,236	7,242
Professional fees	3,800	18,412
Wages and benefits	17,220	-

Liquidity and Capital Resources

At September 30, 2021, the Company reported a working capital deficit of \$520,697 (2020 - \$91,990). At September 30, 2021 the Company had a cash balance of \$4,071 (2020 - \$194,938) to settle current liabilities of \$563,503 (2020 - \$286,928). Over the coming year the Company expects to fund these liabilities and its operational activities through the issuance of capital stock and through loans from related parties.

During the year ended September 30, 2021, cash used in operating activities was \$241,103 (2020 - \$527,668). Cash used during the period consists primarily from a net loss of \$524,832 (2020 - \$673,344) net of amortization of \$4,900 (2020 - \$nil), depreciation of \$29,678 (2020 - \$3,701), interest on lease of \$3,648 (2020 - \$715), and interest on loan of \$6,148 (2020 - \$909). Reducing that cash expenditure was non-cash operating working capital items of \$256,811 (2020 - \$140,351).

During the year ended September 30, 2021, cash used in investing activities of \$73,630 (2020 - \$69,144) represented by plant and equipment purchases.

During the year ended September 30, 2021, cash provided by financing activities was \$123,866 (2020 - \$791,750) which was provided by \$120,000 (2020 - \$363,250) from the issuance of shares, \$nil (2020 - \$330,000) in subscriptions received, loan proceeds of \$22,353 (2020 - \$98,500) and less \$18,487 (2020 - \$nil) in lease payments.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the period ended September 30, 2021 is \$296,312 (2020 - \$411,087). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Year ended September 30, 2021	Inception to September 30, 2020
	\$	\$
CEO and director management fees	96,000	160,500
CFO and director management and consulting fees	54,086	136,950
Consulting fees paid to director	52,800	-
Consulting fees paid to a company controlled by a director	69,666	113,637
Rent paid to a company controlled by directors-	8,083	-
Total	280,635	411,087

As at September 30, 2021, an amount of \$287,720 (2020 - \$138,452) was due to related parties for unpaid fees, rent and advances, and \$38,000 in loans (2020 - \$nil). The amounts are unsecured, without interest and due on demand.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

Recent Accounting Policies Adopted

New standards and interpretations issued but not yet effective:

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2021. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

Financial Instruments and Other Instruments

	<i>Ref.</i>	<i>September 30, 2021</i>	<i>September 30, 2020</i>
			\$
Other financial assets	a	34,348	194,938
Other financial liabilities	b	607,847	311,644

a. Comprised of cash and receivables

b. Comprised of accounts payable and accrued charges, amounts due to related parties, loans and interest payable and lease payable.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial Risk Management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2021, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As At September 30, 2021, the Company had a cash balance of \$4,071 (2020 -\$194,938) to settle current liabilities of \$563,503 (2020 - \$286,928). So far, the Company's source of funding has been the issuance of equity securities for cash through private placements and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2021, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2021

Proposed Transactions

On January 18, 2021, the Company entered into a share exchange agreement with BMGB that was amended and finalized on December 31, 2021, stipulating a closing date of no later than June 30, 2022. The transaction is intended to qualify as BMGB's qualifying transaction pursuant to the policies of the TSX Venture Exchange. Under the terms of the agreement, the Company's shareholders will sell 100% of their shares in the Company and receive 21,340,000 shares of BMGB, at a deemed price of \$0.25, representing an aggregate valuation for the Company of \$5,335,000. Closing is subject to a completion of certain conditions precedent, including without limitation: completion by BMGB of a private placement for gross proceeds of no less than \$1,500,000; the preparation and filing of a Filing Statement with the Exchange and receipt of all necessary regulatory and Exchange approvals. An additional 340,000 BMGB shares will be issued for finder's fees.

Other Requirements

Summary of Outstanding Securities as at date of report and September 30, 2021.

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 14,500,000 shares issued and outstanding as at the date of this report and September 30, 2021 (September 30, 2020 – 8,435,000).

Stock options and Warrants

None

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

This Management Discussion and Analysis (“MD&A”) of Navco Pharmaceuticals Limited (“Navco” or the “Company”) has been prepared by management as of September 14, 2022 and should be read together with the unaudited financial statements and related notes for the period ended June 30, 2022 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company, and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements.

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated under the Canada Business Corporations Act on February 26, 2020. The Company’s registered office is located at 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

Navco is a start-up company, that through its purchase of intellectual property, plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Company’s products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

Selected Annual Information

The following table provides a summary of the Company’s financial operations for year ended year and the period from incorporation, February 26, 2020 to September 30, 2020. For more detailed information, refer to the September 30, 2021 audited financial statements.

	Year Ended September 30, 2021	Period from Incorporation February 26, 2020 to September 30, 2020
	\$	\$
Total revenue	15,525	Nil
General and administrative expenses	(540,357)	(673,344)
Loss and comprehensive loss for the year	(524,832)	(673,344)
Loss per share – basic and diluted	(0.04)	(0.11)
Total assets	286,296	394,925
Total liabilities	607,847	311,644

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

Summary of Quarterly Results

	Three Months Ending June 30, 2022	Three Months Ending March 31, 2022	Three Months Ending December 31, 2021	Three Months Ending September 30, 2021
	\$	\$	\$	\$
Revenue for the period	15,796	14,238	23,500	299
Net Loss for the Period	(108,195)	(132,823)	(100,074)	(103,277)
Loss per Share	(0.01)	(0.01)	(0.01)	(0.01)

	Three Months Ending June 30, 2021	Three Months Ending March 31, 2021	Three Months Ending December 31, 2020	Three Months Ending September 30, 2020
	\$	\$	\$	\$
Revenue for the period	5,979	9,247	-	-
Net Loss for the Period	(152,661)	(96,721)	(172,173)	(302,202)
Loss per Share	(0.01)	(0.01)	(0.01)	(0.04)

Results of Operations

For the nine months ended June 30, 2022:

The Company had \$53,534 in revenue from operations for the nine months ended June 30, 2022 (2021 - \$15,226). During the nine months ended June 30, 2022, the Company incurred a net loss of \$341,092 (2021 -\$421,555).

The general and administrative expenses for the nine months ended June 30 are summarized below:

	2022	2021
	\$	\$
Consulting fees	109,039	127,937
Amortization	6,300	2,800
Depreciation	28,121	20,304
Interest on loan	4,833	4,568
Interest on lease	2,932	2,579
Management fees	138,600	138,600
Office and general	49,059	54,698
Professional fees	7,100	42,640
Wages and benefits	48,642	42,655

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

Liquidity and Capital Resources

At June 30, 2022, the Company reported a working capital deficit of \$839,243 (September 30, 2021 - \$520,697). At June 30, 2022 the Company had cash overdraft of \$101 (September 30, 2021 - \$4,071) to settle other current liabilities of \$896,592 (September 30, 2021 - \$563,503). Over the coming year the Company expects to fund these liabilities and its operational activities through the issuance of capital stock and through loans from related parties.

During the nine months ended June 30, 2022, cash used in operating activities was \$28,293 (2021 - \$242,220). Cash used during the period consists primarily from a net loss of \$341,092 (2021 - \$421,555) net of amortization of \$6,300 (2021 - \$2,800), depreciation of \$28,121 (2021 - \$20,304), interest on lease of \$2,932 (2021 - \$2,579), and interest on loan of \$4,833 (2021 - \$4,568). Reducing that cash expenditure was non-cash operating working capital items of \$270,613 (2021 - \$149,084).

During the nine months ended June 30, 2022, cash used in investing activities of \$nil (2021 - \$64,858) represented by plant and equipment purchases.

During the nine months ended June 30, 2022, cash provided by financing activities was \$24,121 (2021 - \$117,305) which was provided by \$nil (2021 - \$120,000) from the issuance of shares, loan proceeds of \$37,800 (2021 - \$nil) and less \$13,679 (2021 - \$2,695) in lease payments.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Related party transactions

The Company considers officers and members of the Board of Directors as related parties. Key management costs for the period ended June 30, 2022, is \$196,690 (2021 - \$236,373). Remuneration was made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

	Period ended June 30, 2022	Period ended June 30, 2021
	\$	\$
Management fees paid or accrued to the former CEO and director	72,000	72,000
Management fees and consulting paid or accrued to a company controlled by the CFO, and director	27,000	44,286
Management fees paid or accrued to a director	39,600	39,600
Consulting fees paid or accrued to a company controlled by a director	53,590	67,875
Rent paid or accrued to a company controlled by the CFO	4,500	12,612
Total	196,690	236,373

As at June 30, 2022, an amount of \$489,758 (September 30, 2021 - \$\$287,720) was due to related parties for unpaid fees, lease and advances, and \$43,854 in loans (September 30, 2021 \$38,000). The amounts are unsecured, without interest and due on demand.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

Recent Accounting Policies Adopted

New standards and interpretations issued but not yet effective:

The Company has reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2021. It does not expect the impact on the financial statements to be material, although additional disclosure may be required.

Proposed Transactions

On January 18, 2021, the Company entered into a share exchange agreement with BMGB, as amended, stipulating a closing date of no later than December 31, 2022. The transaction is intended to qualify as BMGB's qualifying transaction pursuant to the policies of the TSX Venture Exchange. Under the terms of the agreement, the Company's shareholders will sell 100% of their shares in the Company and receive 21,340,000 shares of BMGB, at a deemed price of \$0.15, representing an aggregate valuation for the Company of \$3,201,000. Closing is subject to a completion of certain conditions precedent, including without limitation: completion by BMGB of a private placement for gross proceeds of no less than \$2,000,000; the preparation and filing of a Filing Statement with the Exchange and receipt of all necessary regulatory and Exchange approvals. An additional 340,000 BMGB shares will be issued for finder's fees.

Financial Instruments and Other Instruments

	<i>Ref.</i>	<i>June 30, 2022</i>	<i>September 30, 2021</i>
			\$
Other financial assets	a	-	4,071
Other financial liabilities	b	929,162	607,847

a. Comprised of cash

b. Comprised of accounts payable and accrued charges, amounts due to related parties, loans and interest payable and lease payable.

The Company has determined the estimated fair values of its financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Company's financial instruments are not materially different from their carrying values.

Financial Risk Management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

Financial risks

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Company's credit risk is primarily attributable to cash and receivables. The Company has no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institution, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At June 30, 2022, management considers the Company's exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has a planning and budgeting process in place to help determine the funds required to support the Company's normal operating requirements on an ongoing basis. The Company ensures that there are sufficient funds to meet its short-term business requirements, considering its anticipated cash flows from operations and its holdings of cash.

As at June 30, 2022, the Company had a overdraft balance of \$101 (September 30, 2021 – cash balance of \$4,071) to settle other current liabilities of \$896,592 (September 30, 2021 - \$563,503). So far, the Company's source of funding has been the issuance of equity securities for cash through private placements, loans and advances from related parties. The Company's access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Company is subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Company manages its operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At June 30, 2022, the Company was not exposed to significant interest rate risk.

b) Price risk

The Company is exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company is not currently subject to price risk as it is not listed on a public stock exchange.

NAVCO PHARMACEUTICALS LIMITED

MANAGEMENT DISCUSSION & ANALYSIS

For the Nine Months Ended June 30, 2022

Other Requirements

Summary of Outstanding Securities as at date of report and June 30, 2022.

Authorized share capital

Unlimited number of common shares without par value.

Issued share capital

There are 14,500,000 shares issued and outstanding as at the date of this report and June 30, 2022 (September 30, 2021 – 14,500,000).

Stock options and Warrants

None

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

This Management Discussion and Analysis (“MD&A”) of 100 THX Inc. and Navco Pharmaceuticals Limited (“100 THX Inc. and Navco” or the “Companies”) has been prepared by management as of August 31, 2021 and should be read together with the audited financial statements for the years ended September 30, 2020 and 2019 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). All of the following amounts are expressed in Canadian dollars unless otherwise stated.

This MD&A may contain “forward-looking statements” which reflect the Companies’ current expectations regarding the future results of operations, performance and achievements of the Companies. The Companies have tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Companies and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Companies to differ materially from those expressed in, or implied by, these statements.

The Companies undertake no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussions and analysis may not necessarily indicate future results from operations.

Overall Performance

100 THX INC. (“100 THX”) was incorporated under the *Canada Business Corporations Act* on August 21, 2018 and Navco Pharmaceuticals Limited (“Navco”) was also incorporated under the same Act on February 26, 2020. The registered office of each of 100 THX and Navco is located 5205 Harvester Road, Unit 1, Burlington, Ontario, Canada.

The Companies are start-up operations, with plans to manufacture nano-technology products and materials using computerized nano-meter algorithms. These products have applications in the medical, textile, chemical and additive industries. The Companies’ products are tailored to defend against microorganisms such as viruses, bacteria, fungi, and genetic manipulation tools such as clustered regularly interspaced short palindromic repeats.

These combined financial statements have been prepared on the assumption that the Companies will continue as going concerns, meaning they will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. During the year ended September 30, 2020, the Companies incurred a net loss and comprehensive loss of \$726,480 (2019 – net loss of \$67,121) and had an accumulated deficit of \$793,601 as of September 30, 2020, which raises uncertainties as to the ability of the Companies to continue as a going concern. These combined financial statements do not give effect to any adjustments which would be necessary should the Companies be unable to continue as going concerns and thus be required to realize their assets and discharge their liabilities in other than the normal course of business and at amounts different from those reflected in these combined financial statements.

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

SELECTED ANNUAL INFORMATION

The following table provides a summary of the Companies' financial operations for the period from incorporation of 100 THX, August 21, 2018, to September 30, 2020. For more detailed information, refer to the September 30, 2020 financial statements.

	For the Year Ended September 30, 2020	For the Period from Inception to September 30, 2019
	\$	\$
Total revenue	Nil	Nil
General and administrative expenses	(726,480)	(67,121)
Loss and comprehensive loss for the year	(726,480)	(67,121)
Total assets	360,111	1,215
Total liabilities	434,287	68,036

Summary of Quarterly Results

	Three Months Ending September 30, 2020	Three Months Ending June 30, 2020	Three Months Ending March 31, 2020	Three Months Ending December 30, 2019
	\$	\$	\$	\$
Net Loss for the Period	320,015	391,795	7,003	7,667

	Three Months Ending September 30, 2019	Three Months Ending June 30, 2019	Three Months Ending March 31, 2019	Three Months Ending December 31, 2018
	\$	\$	\$	\$
Net Loss for the Period	nil	9,936	48,757	8,428

Results of Operations

For the year ended September 30, 2020:

The Companies had \$726,480 (2019 - \$67,121) in general and administrative expenses for the year ended ending September 30, 2020. During the year ended September 30, 2020, the Companies incurred a net loss of \$726,480 (2019 – net loss of \$67,121).

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

The significant general and administrative costs of the Companies for the year ended September are summarized below:

	2020	2019
	\$	\$
Business development	432,782	25,012
Consulting fees	179,149	1,015
Depreciation	8,200	-
Insurance	1,890	-
Interest on lease	1,615	-
Interest on loan	909	-
Legal and professional fees	24,062	6,100
Management fees	33,450	-
Office and miscellaneous	13,366	8,066
Travel	1,028	14,392
Wages and employee benefits	30,029	12,536
	726,480	67,121

Fourth Quarter

The significant costs for the three-month period ending September 30 are summarized below:

	2020	2019
	\$	\$
Business development	151,702	-
Consulting fees	88,889	-
Depreciation	4,100	-
Insurance	810	-
Interest on lease	775	-
Interest on loan	909	-
Legal and professional fees	18,412	-
Management fees	33,450	-
Office and miscellaneous	8,644	-
Wages and employee benefits	12,324	-
	320,015	-

Liquidity and Capital Resources

At September 30, 2020, the Companies reported a working capital deficit of \$192,351 (2019 - \$66,821). At September 30, 2020 the Companies had a cash balance of \$208,417 (2019 - \$1,215) to settle current liabilities of \$408,217 (2019 - \$68,036). Over the coming year the Companies expect to fund these liabilities and their operational activities through the issuance of capital stock and through loans from related parties.

During the year ended September 30, 2020, cash used in operating activities was \$550,875 (2019 - \$53,585). Cash used during the period consists primarily from general and administrative costs of \$726,480 (2019 - \$67,121) net of amortization of \$8,200 (2019 - \$nil), interest on leases of \$1,615 (2019 - \$nil), interest on loans of \$909 (2019 - \$nil)

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

and wages of \$10,500 (2019 - \$nil). Increasing that cash expenditure was non-cash operating working capital items of \$154,381 (2019 – increasing \$3,036).

During the year ended September 30, 2020, cash used in investing activities was \$69,144 (2019 - \$nil) which was used in plant and equipment purchases.

During the year ended September 30, 2020, cash provided by financing activities was \$827,221 (2019 - \$54,800) which was provided by \$363,250 (2019 - \$300) from the issuance of shares, \$330,000 (2019 - \$nil) in subscriptions received, bank loan of \$40,000 (2019 - \$nil), secured loan proceeds of \$98,500 (2019 - \$nil), shareholder loans of \$nil (2019 - \$54,500) and less \$4,529 (2019 - \$nil) in lease payments.

The Companies may continue to have capital requirements in excess of their currently available resources. In the event the Companies' plans change, their assumptions change or prove inaccurate, or their capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Companies may be required to seek additional financing. There can be no assurance that the Companies will have sufficient financing to meet their future capital requirements or that additional financing will be available on terms acceptable to the Companies in the future.

Related Party Loans and Transactions

The Companies consider officers and members of their Boards of Directors as related parties. Key management costs for the period ended September 30, 2020 is \$411,087. Payments and accruals were made to the following officers and directors and their close family members, or to companies controlled by these officers and directors:

For the year ended September 30 (2019 – period)	2020	2019
	\$	\$
CEO and director wages and benefits and management and consulting fees	186,774	12,536
CFO and director management and consulting fees	136,950	-
Director Consulting fees	84,207	-
Director Consulting fees	13,180	-
Director Consulting fees	16,250	-
Total	437,361	12,536

At September 30, 2020, shareholder loans and advances were \$199,120 (2019 - \$65,000). The loans are unsecured, payable on demand and without interest.

Off-Balance Sheet Arrangements

The Companies do not utilize off-balance sheet arrangements.

Recent Accounting Policies Adopted

New standards and interpretations issued but not yet effective:

The Companies have reviewed the impact of new and amended standards that are effective for annual periods beginning on or after October 1, 2020. The Companies do not expect the impact on the financial statements to be material, although additional disclosure may be required.

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

Financial Instruments and Other Instruments

<i>As at September 30</i>	<i>Ref.</i>	<i>2020</i>	<i>2019</i>
		\$	\$
Other financial assets	a	213,417	1,215
Other financial liabilities	b	434,287	68,036

a. Comprised of cash and advances receivable

b. Comprised of accounts payable and accrued charges, bank loan, secured loan, related party loans and advances and lease payable.

Financial Risk Management

The Companies have determined the estimated fair values of their financial instruments based on appropriate valuation methodologies; however, considerable judgment is required to develop these estimates. The fair values of the Companies' financial instruments are not materially different from their carrying values.

Financial risk management

International Financial Reporting Standards 7, Financial Instruments: Disclosures, establishes a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Financial risks

The Companies have exposure to the following risks from their use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

Credit risk

The Companies' credit risk is primarily attributable to cash and receivables. The Companies have no significant concentration of credit risk arising from operations. Cash consists of accounts at reputable financial institutions, from which management believes the risk of loss to be remote. Federal deposit insurance covers balances up to \$100,000 in Canada. Financial instruments included in receivables consist of amounts due from government agencies. At September 30, 2020, management considers the Companies' exposure to credit risk is minimal.

Liquidity risk

Liquidity risk is the risk that the Companies will not be able to meet their financial obligations as they fall due. The Companies have a planning and budgeting process in place to help determine the funds required to support the Companies' normal operating requirements on an ongoing basis. The Companies ensure that there are sufficient funds to meet their short-term business requirements, considering their anticipated cash flows from operations and their holdings of cash.

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

As at September 30, 2020, the Companies had a cash balance of \$208,41748 (2019 – \$1,215) to settle current liabilities of \$408,217 (2019 - \$68,036). So far, the Companies' source of funding has been the issuance of equity securities for cash through private placements, bank loan, secured loan and loans and advances from related parties. The Companies' access to financing is always uncertain. There can be no assurance of continued access to significant equity funding or advances from related parties.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

a) Interest and foreign exchange risk

The Companies are subject to normal risks including fluctuations in foreign exchange rates and interest rates. While the Companies manage their operations in order to minimize exposure to these risks, it has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure. At September 30, 2020, the Companies were not exposed to significant interest rate risk.

b) Price risk

The Companies are exposed to price risk with respect to equity prices. Equity price risk is defined as the potential adverse impact on the Companies' earnings due to movements in individual equity prices or general movements in the level of the stock market. The Companies are not currently subject to price risk as it is not listed on a public stock exchange.

Commitments

The Companies lease the premises at Unit 1 - 5205 Harvester Road, Burlington, Ontario of approximately 1,858 square feet with the lease due monthly at the beginning of each month. The term of the lease is for a total of three years commencing April 1, 2020. The lease is renewable at the Companies' option and has been classified as a right-to-use asset. Effective April 1, 2020, the rate for two years is \$18,115 annually and effective April 1, 2023, the rate changes to \$18,478 annually. Effective April 1, 2023, the lease was mutually extended for a further 2 years. The annual rate for the first year is \$19,509 and for the second year is \$19,9747.

Other Requirements

Summary of Outstanding Securities as at date of report and September 30, 2020.

Authorized share capital – both companies

Unlimited number of common shares without par value.

Issued share capital – 100THX

There are 1,600,000 shares issued and outstanding as at September 30, 2020 (September 30, 2019 – 900,000). The transactions giving rise to these shares are as follows:

During the year ended September 30, 2020;

- On November 5, 2019, 100THX issued 700,000 common shares in settlement of \$21,000 in wages at price of \$0.03 per common share

During the period ended September 30, 2019:

- On August 21, 2018, 100 THX authorized 900,000 common shares to be issued at a price of \$0.000333 each for total proceeds of \$300.

No share options or share warrants have ever been issued.

100 THX Inc. and Navco Pharmaceuticals Limited

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended September 30, 2020

Issued share capital – Navco

There are 8,435,000 shares issued and outstanding as at September 30, 2020. The transactions giving rise to these shares during the period from inception on February 26, 2020 to September 30, 2020 are as follows:

- On May 1, 2020, Navco authorized 1,170,000 common shares to be issued at \$0.05 for a fair value of \$58,500 in exchange for the transfer of certain intellectual property.
- On May 1, 2020, Navco issued 7,265,000 common shares at a price of \$0.05 each for total proceeds of \$363,250.

During the period, Navco agreed to issue 65,000 shares valued at \$0.075 each for costs incurred in the construction of leasehold improvements. These shares, with a total value of \$4,875, were part of the shares issued on October 1, 2020. (See Note 18, *Subsequent Events*.)

No share options or share warrants have ever been issued.

EXHIBIT E – PRO FORMA FINANCIAL STATEMENTS OF THE RESULTING ISSUER

BMBG Capital Corp.

Pro-forma Consolidated Financial Statements

For the Twelve Months Ended June 30, 2022

(Unaudited - Expressed in Canadian Dollars)

BMGB Capital Corp.

Pro-forma Consolidated Statement of Financial Position

As at June 30, 2022

(Unaudited - Expressed in Canadian dollars)

	BMGB	NAVCO	Notes	Pro Forma Adjustments	Pro Forma Consolidated
ASSETS	\$	\$		\$	\$
Cash	1,799	(101)	2(a) 2(c)	(75,000) 2,500,000	2,426,698
Receivable	-	51,185		-	51,185
Inventory	-	6,265		-	6,265
Loan receivable	110,372	-	2(b)	(110,372)	-
Total current assets	112,171	57,349		2,314,628	2,484,148
Non-current assets					
Plant and equipment	-	161,769		-	161,769
Intangible asset	-	47,300		-	47,300
Total non-current assets	-	209,069		-	209,069
TOTAL ASSETS	112,171	266,418		2,314,628	2,693,217
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	108,700	176,852		-	285,552
Amounts due related parties	-	533,612		-	533,612
Secured loan and interest payable	-	110,390	2(b)	(110,390)	-
Other loans	-	60,153		-	60,153
Current portion of lease liability	-	15,585		-	15,585
Total current liabilities	108,700	896,592		(110,390)	894,902
Non-Current liabilities					
Lease liability	-	32,469		-	32,469
Total non-current liabilities	-	32,469		-	32,469
TOTAL LIABILITIES	108,700	929,061		(110,390)	927,371
SHAREHOLDERS' EQUITY					
Share capital	315,845	876,625	2(a) 2(a) 2(a) 2(c)	690,000 51,000 (315,845) 2,500,000	4,117,625
Share-based payment reserves	89,729	-	2(a) 2(d)	(89,729) 209,300	209,300
Accumulated deficit	(402,103)	(1,539,268)	2(a) 2(a) 2(a) 2(b) 2(d)	402,103 (761,529) (51,000) 18 (209,300)	(2,561,079)
TOTAL SHAREHOLDERS' EQUITY	3,472	(662,643)		2,425,018	1,765,847
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	112,171	266,418		2,314,628	2,693,217

BMGB Capital Corp.Pro-forma Consolidated Statement of Operations and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	BMGB For the Year Ended June 30, 2022 \$	NAVCO For the Twelve Months Ended June 30, 2022 \$	Notes	Pro Forma Adjustments \$	Pro Forma Consolidated \$
INCOME					
Consulting income	-	54,833		-	54,833
Interest income	6,412	-	2(b)	(6,412)	-
EXPENSES					
Consulting fees	-	128,036		-	128,036
Amortization	-	8,400		-	8,400
Depreciation	-	37,495		-	37,495
Filing fees	27,662	-	2(a)	15,000	42,662
Interest on loan	-	6,413	2(b)	(6,413)	-
Interest on lease	-	4,001		-	4,001
Management fees	-	184,800		-	184,800
Office and general	1,057	52,295		-	53,352
Professional fees	71,374	10,900	2(a)	60,000	142,274
Share-based compensation	-	-	2(d)	209,300	209,300
Wages and benefits	-	65,862		-	65,862
Total expenses	100,093	498,202		277,887	876,182
Finder's Fee			2(a)	(51,000)	(51,000)
Listing expense			2(a)	(686,529)	(686,529)
Loss and comprehensive loss for the period	(93,681)	(443,369)		(1,021,828)	(1,558,878)

BMGB Capital Corp.

Notes to the Pro-Forma Consolidated Financial Statements

For the Year Ended June 30, 2022

(Unaudited - Expressed in Canadian Dollars)

1. Basis of Presentation

The unaudited pro-forma consolidated financial statements of BMGB Capital Corp. (the “Company”) have been prepared by its management based on historical financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) to give effect to the proposed share exchange agreement dated as of January 18, 2021 (the “Share Exchange Agreement”), as amended, among NAVCO Pharmaceuticals Limited (“NAVCO”), the shareholders of NAVCO, and the Company, respecting the acquisition by the Company of all of the issued and outstanding shares of NAVCO (the “Qualifying Transaction”).

It is management's opinion that the unaudited pro-forma consolidated financial statements include all adjustments necessary for the fair presentation, in all material respects, of the transactions described in Note 2, and are in accordance with IFRS.

The unaudited pro-forma consolidated financial statements should be read in conjunction with financial statements and reports thereon included in this Filing Statement, being the audited consolidated financial statements of the Company for the year ended June 30, 2022, the audited financial statements of NAVCO for the period from incorporation to September 30, 2021, and the condensed interim financial statements of NAVCO for the nine months ended June 30, 2022. The unaudited pro-forma consolidated financial statements have been prepared using the same accounting policies as per the audited consolidated financial statements of the Company for the year ended June 30, 2022.

The unaudited pro-forma consolidated financial statements give effect to the Qualifying Transaction as if it had occurred on June 30, 2022. The unaudited pro-forma consolidated financial statements have been prepared for illustrative purposes only and may not be indicative of the consolidated financial position or operating results that would have occurred if the Qualifying Transaction had been in effect at the dates indicated. Actual amounts recorded upon consummation of the Share Exchange Agreement will likely differ from those recorded in the unaudited pro forma consolidated statement of financial position.

2. Pro-forma Transactions and Adjustments

The unaudited pro-forma consolidated financial statements reflect the following assumptions and adjustments:

- (a) The Qualifying Transaction constitutes a reverse takeover of the Company, so the unaudited pro-forma consolidated statement of financial position is presented as a continuation of the financial statements of NAVCO. Accordingly, the assets and liabilities of NAVCO are included in the unaudited pro-forma consolidated statement of financial position at their historic cost values as at June 30, 2022. The net assets of the Company are included in the unaudited pro-forma consolidated statement of financial position at their fair values as at June 30, 2022. The historical values of the Company's share capital, share-based payment reserves and deficit are eliminated. The Company will issue 21,340,000 common shares (Note 3) in exchange for voting control of all of the issued and outstanding securities of NAVCO. The common shares deemed to be issued by NAVCO for the acquisition of the Company are recorded as additional amounts in shareholders' equity and are set out as follows along with a summary of the fair value of net identifiable assets acquired:

BMGB Capital Corp.

Notes to the Pro-Forma Consolidated Financial Statements

For the Year Ended June 30, 2022

(Unaudited - Expressed in Canadian Dollars)

The purchase price is allocated as follows:

	Amount
	(\$)
Fair value of the Company's shares (4,600,000 at \$0.15 per share)	690,000
Finder's Fee (340,000 at \$0.15 per share)	51,000
Transaction Costs ¹	<u>75,000</u>
	816,000
Less: Net assets of the Company	
Cash	1,799
Prepaid expenses	-
Loan receivable	110,372
Accounts payable and accrued liabilities	<u>(108,700)</u>
	<u>3,471</u>
	<u>812,529</u>

¹ The Company expects to incur expenditures of approximately \$75,000 associated with the Qualifying Transaction, which are comprised of approximately \$50,000 in legal fees, \$10,000 in professional fees – audit and accounting, and \$15,000 in listing and other filing fees.

- (b) In conjunction with the Qualifying Transaction, the Company has loaned an aggregate of \$98,500, plus accrued interest, to NAVCO pursuant to the loan agreement and line of credit loan agreement dated for reference May 6, 2020 between the Company and NAVCO, as amended.
- (c) Prior to or in conjunction with the completion of the proposed Qualifying Transaction, the Company will complete a private placement and raise gross proceeds of no less than \$2,000,000 through the issuance of 13,333,333 units of the Company at a price of \$0.15 per unit, and no more than \$2,500,000 through the issuance of 16,666,667 units of the Company. Each unit is comprised of one common share and one common share purchase warrant, and each such whole warrant is exercisable for one common share of the Company at an exercise price of \$0.25 per share for two years from the date of issuance. For the purpose of the unaudited pro-forma consolidated financial statements, it is assumed that this financing will result in the issuance of 16,666,667 units for gross proceeds of \$2,500,000. All of the proceeds have been allocated to the common shares issued with a \$Nil value assigned to the warrants issued.
- (d) Concurrently with the closing of the Qualifying Transaction, the Company will grant 2,300,000 stock options, exercisable at a price of \$0.15 per option for 10 years from the date of grant. The Company will issue 1,650,000 of these options to officers and directors of the Company, and the remaining 650,000 options will be issued to employees and consultants. The fair value of these options has been estimated to be \$209,300 using the Black-Scholes option pricing model and the following assumptions: share price on grant date of \$0.10, exercise price of \$0.15, dividend yield of 0%, expected volatility of 110%, a risk-free interest rate of 2.5%, and an expected life of 10 years.

BMGB Capital Corp.

Notes to the Pro-Forma Consolidated Financial Statements

For the Year Ended June 30, 2022

(Unaudited - Expressed in Canadian Dollars)

3. Pro-Forma Shareholders' Equity

Shareholders' equity as at June 30, 2022 in the unaudited pro-forma consolidated financial statements is comprised of the following:

	Note	Number of Common Shares	Amount (\$)
BMGB issued and outstanding shares at June 30, 2022		4,600,000	315,845
Shares issued pursuant to the Qualifying Transaction	2(c)	10,000,000	2,500,000
Shares issued to NAVCO pursuant to the Qualifying Transaction	2(a)	21,340,000	-
Finder's Fee	2(a)	340,000	-
NAVCO issued and outstanding shares at June 30, 2022		-	876,625
Acquisition of BMGB at fair value	2(a)	-	690,000
Adjustment for the Qualifying Transaction		-	(315,845)
		<u>36,280,000</u>	<u>4,526,625</u>

4. Effective Tax Rate

Upon completion of the Qualifying Transaction, the effective tax rate of the resulting issuer is expected to be approximately 27%.

EXHIBIT F – AUDIT COMMITTEE CHARTER

General

The primary function of the Audit Committee is to assist the Board of Directors of BMGB Capital Corp. (the “Board”) in fulfilling its oversight responsibilities by reviewing the financial information to be provided to the shareholders and others, the systems of internal controls and management information systems established by management and BMGB’s external audit process and monitoring compliance with BMGB’s legal and regulatory requirements with respect to its financial statements.

The Audit Committee is accountable to the Board. In the course of fulfilling its specific responsibilities hereunder, the Audit Committee is expected to maintain an open communication between BMGB’s external auditors and the Board.

The responsibilities of a member of the Audit Committee are in addition to such member’s duties as a member of the Board.

The Audit Committee does not plan or perform audits or warrant the accuracy or completeness of BMGB’s financial statements or financial disclosure or compliance with generally accepted accounting procedures as these are the responsibility of management and the external auditors.

Relationship with External Auditors

The external auditor is required to report directly to the Audit Committee. Opportunities shall be afforded periodically to the external auditor and to members of senior management to meet separately with the Audit Committee.

Composition of Audit Committee

The Committee membership shall satisfy the laws governing BMGB and the independence, financial literacy and experience requirements under securities law, stock exchange and any other regulatory requirements as are applicable to BMGB.

Responsibilities

1. The Audit Committee shall be responsible for making the following recommendations to the Board:
 - (a) the external auditor to be nominated for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for BMGB; and
 - (b) the compensation of the external auditor.
2. The Audit Committee shall be directly responsible for overseeing the work of the external auditor, including the resolution of disagreements between management and the external auditor regarding financial reporting. This responsibility shall include:
 - (a) reviewing with management and the external auditor any proposed changes in major accounting policies, the presentation and impact of significant risks and uncertainties, and key estimates and judgments of management that may be material to financial reporting;
 - (b) questioning management and the external auditor regarding significant financial reporting issues discussed during the fiscal period and the method of resolution;
 - (c) reviewing audited annual financial statements, in conjunction with the report of the external auditor;
 - (d) reviewing any problems experienced by the external auditor in performing the audit, including any restrictions imposed by management or significant accounting issues on which there was a disagreement with management; and
 - (e) reviewing the evaluation of internal controls by the external auditor, together with management’s response.
3. The Audit Committee shall review interim unaudited financial statements before release to the public.
4. The Audit Committee shall review all public disclosures of audited or unaudited financial information before release, including any prospectus, annual report, annual information form, and management’s discussion and analysis.
5. The Audit Committee shall review the appointments of the chief financial officer and any other key financial executives involved in the financial reporting process, as applicable.
6. Except as exempted by securities regulatory policies, the Audit Committee shall pre-approve all non-audit services to be provided to BMGB or its subsidiary entities by the external auditor.

7. The Audit Committee shall ensure that adequate procedures are in place for the review of BMGB's public disclosure of financial information extracted or derived from BMGB's financial statements, and shall periodically assess the adequacy of those procedures.
8. The Audit Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by BMGB regarding accounting, internal accounting controls, or auditing matters; and
 - (b) the confidential, anonymous submission by employees of BMGB of concerns regarding questionable accounting or auditing matters.
9. The Audit Committee shall periodically review and approve BMGB's hiring policies, if any, regarding partners, employees and former partners and employees of the present and former external auditor of BMGB.
10. Meetings of the Audit Committee shall be scheduled to take place at regular intervals and, in any event, not less frequently than quarterly.

Authority

The Audit Committee shall have the authority to:

1. to engage independent counsel and other advisors as it determines necessary to carry out its duties;
2. to set and pay the compensation for any advisors employed by the Audit Committee; and
3. to communicate directly with the external auditors.

CERTIFICATE OF BMGB CAPITAL CORP.

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of BMGB Capital Corp., assuming Completion of the Qualifying Transaction.

Dated: November 28, 2022.

“Lucas Birdsall”
Chief Executive Officer

“Patrick O’Flaherty”
Chief Financial Officer

On behalf of the board of directors of BMGB Capital Corp.

“Brian Morrison”
Director

“Brian Morrison”
Director

CERTIFICATE OF NAVCO PHARMACEUTICALS LIMITED

The foregoing, as it related to NAVCO Pharmaceuticals Limited, constitutes full, true and plain disclosure of all material facts relating to the securities of NAVCO Pharmaceuticals Limited.

Dated: November 28, 2022.

"Marek Jasinski"

Chief Executive Officer

"Chris Cooper"

Chief Financial Officer

On behalf of the board of directors of NAVCO Pharmaceuticals Limited

"Thomas Jusdanis"

Director

"Glen Champion"

Director