

BMGB Capital Corp.

Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

BMGB Capital Corp.
Condensed Interim Statements of Financial Position
(Unaudited - Expressed in Canadian Dollars)

	September 30, 2022	June 30, 2022
ASSETS		
Current assets		
Cash	\$ 21,541	\$ 1,799
Loan receivable (Note 5)	92,050	110,372
TOTAL ASSETS	\$ 113,591	\$ 112,171
LIABILITIES		
Current liabilities		
Accounts payable	\$ 64,032	\$ 60,567
Accrued liabilities	48,132	48,132
TOTAL LIABILITIES	112,164	108,699
SHAREHOLDERS' EQUITY		
Share capital (Note 3)	315,845	315,845
Share-based payment reserves (Note 3)	89,729	89,729
Deficit	(404,147)	(402,102)
TOTAL SHAREHOLDERS' EQUITY	1,427	3,472
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 113,591	\$ 112,171

Nature of and Continuance of Operations (Note 1)

Approved on behalf of the Board on November 29, 2022:

"Lucas Birdsall"
Lucas Birdsall, Director

"Sean Bromley"
Sean Bromley, Director

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

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

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
INCOME		
Interest income (Note 5)	\$ 1,678	\$ 1,580
EXPENSES		
Filing and transfer agent fees	315	13,077
Office and miscellaneous	258	258
Professional fees	3,150	2,224
	<u>3,723</u>	<u>15,559</u>
Net and comprehensive loss	\$ (2,045)	\$ (13,979)
Loss per common share – basic and diluted	\$ (0.00)	\$ (0.01)
Weighted average number of common shares outstanding – basic and diluted	2,600,000	2,600,000

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

BMGB Capital Corp.

Condensed Interim Statement of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

	Number of Outstanding Shares	Share Capital	Share Based Payment Reserves	Accumulated Deficit	Total Shareholders' Equity
Balance, June 30, 2021	4,600,000	\$ 315,845	\$ 89,729	\$ (308,422)	\$ 97,152
Net and comprehensive loss	-	-	-	(13,979)	(13,979)
Balance, September 30, 2021	4,600,000	\$ 315,845	\$ 89,729	\$ (322,401)	\$ 83,173
Balance, June 30, 2022	4,600,000	\$ 315,845	\$ 89,729	\$ (402,102)	\$ 3,472
Net and comprehensive loss	-	-	-	(2,045)	(2,045)
Balance, September 30, 2022	4,600,000	\$ 315,845	\$ 89,729	\$ (404,147)	\$ 1,427

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

BMGB Capital Corp.
Condensed Interim Statements of Cash Flows
(Unaudited - Expressed in Canadian Dollars)

	Three Months Ended September 30, 2022	Three Months Ended September 30, 2021
Cash used in operating activities		
Net loss	\$ (2,045)	\$ (13,979)
Non-cash items;		
Accrued interest income	(1,678)	(1,580)
Changes in non-cash working capital balances		
Accounts payable	3,465	17,021
Accrued liabilities	-	(1,720)
Net cash used by operating activities	(258)	(258)
Cash provided by financing activities		
Loan repayment	20,000	-
Net cash provided by financing activities	20,000	-
Change in cash	19,742	(258)
Cash, beginning	1,799	12,067
Cash, ending	\$ 21,541	\$ 11,809

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

BMGB Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

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.

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. 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 condensed interim 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). 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

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Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

1. Nature and Continuance of Operations (continued)

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 2023.

2. Significant Accounting Policies

(a) Statement of Compliance to International Financial Reporting Standards

The condensed interim 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 condensed interim financial statements have been prepared on an accrual basis and are based on historical costs modified where applicable. The condensed interim 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 condensed interim 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 condensed interim 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 condensed interim 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.

BMGB Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(f) Financial Instruments

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

(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.

(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.

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Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

2. Significant Accounting Policies (continued)

(f) Financial Instruments (continued)

(iii) Impairment of financial assets at amortized cost (continued)

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.

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For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

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 regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax

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.

(l) 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 condensed interim financial statements.

BMGB Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

3. Share Capital

(a) Authorized

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

(b) Issued Share Capital

The Company had a total of 4,600,000 common shares issued and outstanding as at September 30, 2022 (2021: 4,600,000).

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, 2020.

(c) Warrants

The Company has no warrants outstanding and exercisable at September 30, 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 September 30, 2022:

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.

BMGB Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

4. Related Party Transactions

As at September 30, 2022, accounts payable included \$3,150 (2021: \$Nil) due to related parties. These amounts are unsecured and non-interest binding.

During the three months ended September 30, 2022, the Company accrued \$3,150 (2021: \$Nil) to a company controlled by the Chief Financial Officer of the Company.

5. Loan Receivable

In connection with the letter of intent entered into by the Company on April 28, 2020 with NAVCO, as amended September 30, 2022, 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 the NAVCO. The loan bears interest at 6% per annum, compounded monthly. On August 5, 2020, the Company advanced \$98,500 to NAVCO. During the three months ended September 30, 2022, the Company accrued interest income on the loan of \$1,678 (2021: \$1,580). 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 a quired property of NAVCO, pursuant to the general service agreement. The Company assessed credit risk as low.

BMGB Capital Corp.

Notes to the Condensed Interim Financial Statements

For the Three Months Ended September 30, 2022

(Unaudited - Expressed in Canadian Dollars)

6. Financial Instruments (continued)

(b) Management of Financial Risks (continued)

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.

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 three months.