

**EARLY WARNING REPORT
FILED PURSUANT TO NATIONAL INSTRUMENT 62-103**

Item 1 – Security and Reporting Issuer

1.1 State the designation of securities to which this report relates and the name and address of the head office of the issuer of the securities.

Common shares of Chemesis International Inc. (the “**Issuer**”), head office located at Suite 2710 – 200 Granville Street, Vancouver, British Columbia.

1.2 State the name of the market in which the transaction or other occurrence that triggered the requirement to file this report took place.

This report is filed in respect of the acquisition of common shares of the Issuer in connection with the acquisition of all of the issued and outstanding shares of 1145411 B.C. Ltd. (“**B.C. Ltd.**”) (the “**Transaction**”). See 2.2 below.

Item 2 – Identity of the Acquiror

2.1 State the name and address of the acquiror.

Rae Ventures Inc. (“**Rae Ventures**”), a privately held company with a business address of Suite 421 – 255 Newport Drive, Port Moody, British Columbia.

2.2 State the date of the transaction or other occurrence that triggered the requirement to file this report and briefly describe the transaction or other occurrence.

On July 16, 2018, Rae Ventures acquired 7,021,133 common shares of the Issuer pursuant to the Transaction, which involved the acquisition of B.C. Ltd. by the Issuer.

2.3 State the names of any joint actors.

Not applicable.

Item 3 – Interest in Securities of the Reporting Issuer

3.1 State the designation and number or principal amount of securities acquired or disposed of that triggered the requirement to file this report and the change in the acquiror’s securityholding percentage in the class of securities.

Rae Ventures acquired ownership and control of 7,021,133 common shares in the capital of the Issuer pursuant to the Transaction, which involved the acquisition of B.C. Ltd. by the Issuer.

3.2 State whether the acquiror acquired or disposed ownership of, or acquired or ceased to have control over, the securities that triggered the requirement to file this report.

Rae Ventures acquired ownership of the securities that are the subject of this report.

3.3 If the transaction involved a securities lending arrangement, state that fact.

Not applicable.

3.4 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities, immediately before and after the transaction or other occurrence that triggered the requirement to file this report.

Immediately prior to completion of the Transaction, Rae Ventures held 15 common shares in B.C. Ltd. Following completion of the Transaction, and a 2-for-1 share consolidation, Rae Ventures has ownership of 7,021,133 common shares of the Issuer, representing approximately 11.17% of the issued and outstanding common shares of the Issuer.

3.5 State the designation and number or principal amount of securities and the acquiror's securityholding percentage in the class of securities referred to in Item 3.4 over which

(a) the acquiror, either alone or together with any joint actors, has ownership and control,

Rae Ventures has ownership and control over 7,021,133 common shares of the Issuer, representing approximately 11.17% of the issued and outstanding common shares of the Issuer.

(b) the acquiror, either alone or together with any joint actors, has ownership but control is held by persons or companies other than the acquiror or any joint actor, and

Not applicable.

(c) the acquiror, either alone or together with any joint actors, has exclusive or shared control but does not have ownership.

Not applicable.

3.6 If the acquiror or any of its joint actors has an interest in, or right or obligation associated with, a related financial instrument involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the related financial instrument and its impact on the acquiror's securityholdings.

Not applicable.

3.7 If the acquiror or any of its joint actors is a party to a securities lending arrangement involving a security of the class of securities in respect of which disclosure is required under this item, describe the material terms of the arrangement including the duration of the arrangement, the number or principal amount of securities involved and any right to recall the securities or identical securities that have been transferred or lent under the arrangement.

Not applicable.

3.8 If the acquiror or any of its joint actors is a party to an agreement, arrangement or understanding that has the effect of altering, directly or indirectly, the acquiror's economic exposure to the security of the class of securities to which this report relates, describe the material terms of the agreement, arrangement or understanding.

Not applicable.

Item 4 – Consideration Paid

4.1 State the value, in Canadian dollars, of any consideration paid or received per security and in total.

See 4.2 below.

4.2 In the case of a transaction or other occurrence that did not take place on a stock exchange or other market that represents a published market for the securities, including an issuance from treasury, disclose the nature and value, in Canadian dollars, of the consideration paid or received by the acquiror.

The common shares were acquired pursuant to the terms of a share purchase agreement between the Issuer, B.C. Ltd., each of the shareholders of B.C. Ltd. and Bonhomie Labs Inc. The shares were issued at a deemed price of \$0.265 per share for aggregate consideration of U.S.\$20,000,000. Pursuant to the Transaction, Rae Ventures received 936,151 pre-consolidation shares in the capital of the Issuer for each share held in B.C. Ltd.

4.3 If the securities were acquired or disposed of other than by purchase or sale, describe the method of acquisition or disposition.

See the response to Item 4.2.

Item 5 – Purpose of the Transaction

State the purpose or purposes of the acquiror and any joint actors for the acquisition or disposition of securities of the reporting issuer. Describe any plans or future intentions which the acquiror and any joint actors may have which relate to or would result in any of the following: (a) the acquisition of additional securities of the reporting issuer, or the disposition of securities of the reporting issuer; (b) a corporate transaction, such as a merger, reorganization or liquidation, involving the reporting issuer or any of its subsidiaries; (c) a sale or transfer of a material amount of the assets of the reporting issuer or any of its subsidiaries; (d) a change in the board of directors or management of the reporting issuer, including any plans or intentions to change the number or term of directors or to fill any existing vacancy on the board; (e) a material change in the present capitalization or dividend policy of the reporting issuer; (f) a material change in the reporting issuer's business or corporate structure; (g) a change in the reporting issuer's charter, bylaws or similar instruments or another action which might impede the acquisition of control of the reporting issuer by any person or company; (h) a class of securities of the reporting issuer being delisted from, or ceasing to be authorized to be quoted on, a marketplace; (i) the issuer ceasing to be a reporting issuer in any jurisdiction of Canada; (j) a solicitation of proxies from securityholders; (k) an action similar to any of those enumerated above.

The securities were acquired in connection with the Transaction. Rae Ventures has no present intentions to acquire or dispose of additional securities of the Issuer, although may elect to in the future as circumstances or market conditions warrant. However, depending on market conditions, general economic and industry conditions, trading prices of the Issuer's securities, the Issuer's business, financial condition and prospects, and/or other relevant factors, Rae Ventures may develop such plans or intentions in the future and, at such time, may from time to time acquire additional securities, dispose of some or all of the existing or additional securities or may continue to hold common shares or other securities of the Issuer.

Item 6 – Agreements, Arrangements, Commitments or Understandings With Respect to Securities of the Reporting Issuer

Describe the material terms of any agreements, arrangements, commitments or understandings between the acquiror and a joint actor and among those persons and any person with respect to securities of the class of securities to which this report relates, including but not limited to the transfer or the voting of any of the securities, finder's fees, joint ventures, loan or option arrangements, guarantees of profits, division of profits or loss, or the giving or withholding of proxies. Include such information for any of the securities that are pledged or otherwise subject to a contingency, the occurrence of which would give another person voting power or investment power over such securities, except that disclosure of standard default and similar provisions contained in loan agreements need not be included.

See Item 5 above.

Item 7 – Change in Material Fact

If applicable, describe any change in a material fact set out in a previous report filed by the acquiror under the early warning requirements or Part 4 in respect of the reporting issuer's securities.

Not applicable, aside from the acquisition of the securities described in this report.

Item 8 – Exemption

If the acquiror relies on an exemption from requirements in securities legislation applicable to formal bids for the transaction, state the exemption being relied on and describe the facts supporting that reliance.

Not applicable.

Item 9 – Certification

I, as the acquiror, certify, or I, as the agent filing the report on behalf of an acquiror, certify to the best of my knowledge, information and belief, that the statements made in this report are true and complete in every respect.

Dated as of the 17th day of July, 2018.

RAE VENTURES CORP.

Per: “Kyle Boyko”
Kyle Boyko, Principal