1145411 B.C. Ltd.

Consolidated Financial Statements

For the period from incorporation on December 15, 2017 to June 30, 2018

(Expressed in Canadian Dollars)

DeVISSERGRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Directors of 1145411 B.C. Ltd.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of 1145411 B.C. Ltd. which comprise the consolidated statement of financial position as at June 30, 2018, and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the period from incorporation on December 15, 2017 to June 30, 2018, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of 1145411 B.C. Ltd. as at June 30, 2018, and its financial performance and its cash flows for the period from incorporation on December 15, 2017 to June 30, 2018 in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 2 in the consolidated financial statements which indicates that the Company has limited working capital, no current sources of revenue and is dependent upon its ability to secure new sources of financing. These conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

De Visser Gray LLP

CHARTERED PROFESSIONAL ACCOUNTANTS
Vancouver, BC
November 6, 2018

1145411 B.C. Ltd.
Consolidated Statement of Financial Position
As at June 30, 2018
(Expressed in Canadian dollars)

As at	Notes		June 30, 2018
ASSETS			
Current Assets			
Cash		$	1,030,284
Prepaids			50,598
			1,080,882
Non-current assets			
Deposits			125,656
Equipment	7		657,752
Leasehold improvements	7		1,552,595
Total non-current assets			2,336,003
TOTAL ASSETS		$	3,416,885
LIABILITIES			
Current			
Accounts payable and accrued liabilities		$	206,642
SHAREHOLDERS' EQUITY			
Share capital	5		3,800,000
Accumulated other comprehensive income			38,600
Deficit			(345,163)
Equity attributable to 1145411 B.C. Ltd.			3,493,437
Non-controlling interest			(283,194)
Total equity			3,210,243
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	3,416,885

Subsequent events – Note 13
Going concern – Note 2

These consolidated financial statements were authorized for issue by the Board of Directors on November 6, 2018.

Approved on behalf of the Board of Directors:

"Brian Thurston", Director *"Aman Parmar"*, Director

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

1145411 B.C. Ltd.
Consolidated Statement of Loss and Comprehensive Loss
For the period from incorporation on December 15, 2017 to June 30, 2018
(Expressed in Canadian dollars)

		Period ended June 30, 2018
EXPENSES		
Advertising and marketing	$	2,349
Consulting		139,786
Depreciation		115
Foreign exchange loss		10,630
Office and miscellaneous		22,789
Professional fees		11,111
Rent		202,979
Travel		8,794
TOTAL OPERATING EXPENSES		(398,553)
OTHER ITEMS:		
Inventory expensed		(136,857)
Equipment write-off		(130,034)
		(266,891)
NET LOSS FOR THE PERIOD		(665,444)
OTHER COMPREHENSIVE LOSS		
Items that may be subsequently reclassified to loss for the year:		
Cumulative translation adjustment		75,687
COMPREHENSIVE LOSS	$	(589,757)
NET LOSS ATTRIBUTABLE TO:		
1145411 BC Ltd.	$	(345,163)
Non-controlling interest		(320,281)
		(665,444)
COMPREHENSIVE LOSS ATTRIBUTABLE TO:		
1145411 BC Ltd.		(306,563)
Non-controlling interest		(283,194)
	$	(589,757)
Loss per share, basic and diluted	$	(6,143)
Weighted average number of common shares outstanding		96

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

1145411 B.C. Ltd.
Consolidated Statement of Changes in Equity
For the period from incorporation on December 15, 2017 to June 30, 2018
(Expressed in Canadian dollars)

	Share Capital					
	Number	Amount	Accumulated other comprehensive income	Deficit	Non-Controlling Interest	Total Equity
		$	$	$	$	$
December 15, 2017	-	-	-	-	-	-
Common shares issued for cash	100	3,800,000	-	-	-	3,800,000
Net loss for the year	-	-	-	(345,163)	(320,281)	(665,444)
Other comprehensive income	-	-	38,600	-	37,087	75,687
June 30, 2018	100	3,800,000	38,600	(345,163)	(283,194)	3,210,243

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

1145411 B.C. Ltd.
Consolidated Statement of Cash Flows
For the period from incorporation on December 15, 2017 to June 30, 2018
(Expressed in Canadian dollars)

		Period ended June 30, 2018
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net loss for the period	$	(665,444)
Items not involving cash:		
Equipment write-off		130,034
Depreciation		115
Foreign exchange		11,820
		(523,475)
Net changes in non-cash working capital items:		
Prepaids		(50,598)
Accounts payable and accrued liabilities		24,975
Net cash used in operating activities		(549,098)
INVESTING ACTIVITIES:		
Deposits		(122,221)
Purchase of equipment and leasehold improvements		(2,098,397)
Net cash used in investing activities		(2,220,618)
FINANCING ACTIVITIES:		
Proceeds from issuance of common shares		3,800,000
Cash provided by financing activities		3,800,000
Net increase in cash		1,030,284
Cash, beginning of period		-
Cash, end of period	$	1,030,284

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

1. NATURE OF OPERATIONS

1145411 B.C. Ltd. ('the Company') was incorporated under the laws of British Columbia on December 15, 2017. The Company's registered office is 1212 Austin Avenue, Coquitlam, British Columbia V3K 3P5.

The Company was incorporated and the acquisition of Bonhomie Labs Inc. ("Bonhomie", refer to Note 6), was completed in order to facilitate the acquisition of all of the Company's outstanding common shares by Canadian Mining Corp. ('CNG'), a public company trading on the TSX Venture Exchange ('TSX-V'). Pursuant to the terms of a Letter of Intent with CNG announced on December 18, 2017, the shareholders of the Company will receive common shares of CNG such that they will collectively control the consolidated entity subsequent to the transaction. Consequently, the transaction constituted a reverse acquisition of CNG by the Company, with the Company representing the continuing entity for accounting and reporting purposes. This transaction was completed on July 17, 2018 (Note 13) and, consistent with reverse acquisition accounting practices and regulatory reporting requirements, the Company has prepared and is reporting herein financial statements as at and for the period ended June 30, 2018, consistent with CNG's year end.

Pursuant to the reverse acquisition transaction, CNG will also change its name to Chemesis International Inc. ('Chemesis'), and will de-list from the TSX-V and list its shares on the Canadian Stock Exchange ('CSE'). Chemesis will also change its business focus from mineral exploration to the continuation of the Company's business of pursuing opportunities in the cannabis industry.

2. GOING CONCERN

The Company has incurred loss since inception and has no current source of operating revenue, and is accordingly dependent upon the receipt of equity and/or related party debt financing on terms which are acceptable to it.

These consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations as they come due. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but is not limited to, twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events or conditions that cast significant doubt upon the Company's ability to continue as a going concern.

3. BASIS OF PRESENTATION

These consolidated financial statements have been prepared on a historical cost basis. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information. The accounting policies below have been applied to all periods presented in these consolidated financial statements and are based on International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretation Committee ("IFRIC").

3.1. Basis of measurement

These consolidated financial statements have been prepared using the measurement basis specified by IFRS for each type of asset, liability, revenue and expense. Certain items are stated at fair value.

3.2. Significant judgments, estimates and assumptions

The preparation of the Company's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continually 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. Actual results could differ from these estimates.

Critical Accounting Judgments

The assumption that the Company will be able to continue as a going concern is subject to critical judgments by management with respect to assumptions surrounding the short and long-term operating budget, expected profitability, investing and financing activities and management's strategic planning. Should those judgments prove to be inaccurate, management's continued use of the going concern assumption could be inappropriate.

Functional currency

Determination of an entity's functional currency involves judgment taking into account the transactions, events, and conditions relevant to the entity. Determination of functional currency involves evaluating evidence about the primary economic environment in which the entity operations and is re-evaluated when facts and circumstances indicate that conditions have changed.

Critical Accounting Estimates

Inventory

The Company estimates the net realizable value of inventory taking into account the most reliable evidence available at each reporting date.

Estimated useful lives, impairment considerations and amortization of tangible assets

Amortization of tangible and intangible assets is dependent upon estimates of useful lives based on management's judgment.

Impairment of tangible assets with limited lives is affected by judgments about impairment indications and estimates used to measure impairment losses where necessary.

3.3 Basis of consolidation

These consolidated financials incorporate the financial statements of the Company and its wholly controlled subsidiary, Bonhomie, which holds a 51% interest in SAP Global Inc. ("SAP"). Both Bonhomie and SAP are incorporated in the State of California, USA. Control exists when the parent company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions and balances have been eliminated.

Where the Company's interest is less than 100%, the interest attributable to outside shareholders is reflected in non-controlling interest. Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Company's equity therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination and the non-controlling interests' share of changes in equity since the date of the combination.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Impairment of Non-Financial Assets

For the purposes of assessing impairment, the recoverable amount of an asset, which is the higher of its fair value less costs to sell and its value in use, is estimated.

4.2 Provisions

Liabilities 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. A provision is a liability of uncertain timing or amount.

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 the current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognized as a financing expense.

4.3 Income Taxes

Tax expense recognized in profit or loss comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current tax assets and liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit which differs from profit or loss in the consolidated financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects taxable profit or accounting profit. Deferred tax liabilities on temporary differences associated with shares in subsidiaries and joint ventures is not provided for if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are likely to reverse. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the substantive enactment date. Deferred tax assets are recognized for all temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that future taxable profits will be available against which they can be utilized.

Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided they are enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to offset current tax assets and liabilities from the same taxation authority and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same entity or different entities which intend to settle current tax assets and liabilities on a net basis or simultaneously in each future period in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Changes in deferred tax assets or liabilities are recognized as a component of income or expense in profit or loss, except where they relate to items that are recognized in other comprehensive income or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

4.4 Share capital

The Company records proceeds from share issuances net of issue costs and any tax effects in shareholders' equity. Common shares issued for consideration other than cash are valued based on their market value at the date the shares were granted. Common shares held by the Company are classified as treasury stock and recorded as a reduction to shareholders' equity.

The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates value to the more easily measurable component based on fair value and then the residual value, if any, to the less easily measurable component. The Company considers the fair value of common shares issued in private placements to be the more easily measurable component of unit offerings and the common shares are valued at their fair value, as determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to any attached warrants or other features. Any fair value attributed to warrants is recorded as contributed surplus.

4.5 Share-based Payments

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled transactions and, when determinable, are recorded at the value of the goods and services received. If the value of the goods and services received is not determinable, then the fair value of the share-based payment is used.

The Company uses a fair value-based method (Black-Scholes Option Pricing Model) for all share options granted to directors, employees and certain non-employees. For directors and employees, the fair value of the share options is measured at the date of grant. For grants to non-employees where the fair value of the goods or services is not determinable, the fair value of the share options is measured on the date the services are received.

The fair value of share-based payments is charged either to profit or loss or exploration and evaluation properties, with the offsetting credit to contributed surplus. For directors, employees and consultants, the share options are recognized over the vesting period based on the best available estimate of the number of share options expected to vest. If options vest immediately, the expense is recognized when the options are issued. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognized in the current period. No adjustment is made to any expense recognized in prior periods where vested. For non-employees, the share options are recognized over the related service period. When share options are exercised, the amounts previously recognized in contributed surplus are transferred to share capital.

In the event share options are forfeited prior to vesting, the associated fair value recorded to date is reversed. The fair value of any vested share options that expire remain in contributed surplus.

4.6 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. Parties are also considered to be related if they are subject to common control or common significant influence. 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. Related party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

4.7 Inventory

Inventory is stated at the lower of cost and net realizable value. Cost is determined using the weighted average method, which under the circumstances, management believes will provide for the most practical basis for the measurement of periodic income. Management periodically reviews inventory for slow moving or obsolete items and considers net realizable value based on the Company’s marketing strategies and sales forecasts to determine if an allowance is necessary. If net realizable value is below cost, then an allowance is created to adjust the carrying amount of inventory.

Management evaluated inventory at year end and determined the balance was impaired due to new regulations and wrote off the asset.

4.8 Equipment and Leasehold Improvements

Equipment and leasehold improvement items are carried at cost less accumulated depreciation and accumulated impairment losses. In the year of acquisition, depreciation is recorded at one-half the normal rate. Depreciation is recognized using the straight-line method at the following annual rates:

Equipment	Straight-Line	10%
Leasehold Improvements	Straight-Line	20%

Equipment that is withdrawn from use, or has no reasonable prospect of being recovered through use or sale, are regularly identified and written off.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Subsequent expenditure relating to an item of equipment is capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

4.9 Earnings (Loss) per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (the numerator) by the weighted average number of outstanding common shares for the period (denominator). In computing diluted earnings per share, an adjustment is made for the dilutive effect of outstanding share options, warrants and other convertible instruments.

In the periods when the Company reports a net loss, the effect of potential issuances of shares under share options and other convertible instruments is anti-dilutive. Therefore, basic and diluted loss per share are the same. When diluted earnings per share is calculated, only those share options and other convertible instruments with exercise prices below the average trading price of the Company's common shares for the period will be dilutive.

4.10 Financial Instruments - Recognition and Measurement

Non-derivative financial assets and financial liabilities

The Company classifies financial assets as financial assets at fair value through profit or loss, held-to-maturity investments or loans and receivables. Available-for-sale financial assets are those financial assets that are not classified as any of the above. Financial liabilities are either classified as financial liabilities at fair value through profit or loss or as other financial liabilities.

Financial assets and financial liabilities are recognized initially at fair value.

Financial assets and financial liabilities at fair value through profit or loss are subsequently measured at fair value with changes in fair values recognized in profit or loss.

Financial assets classified as available for sale are subsequently measured at fair value with changes in fair value recognized in other comprehensive income.

Loans and receivables, held-to-maturity investments and other financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Company's financial instruments consist of cash and accounts payable and accrued liabilities.

Cash is classified as fair value through profit or loss and accounts payable and accrued liabilities are classified as other financial liabilities.

Transaction costs, other than those related to financial instruments classified as financial assets and financial liabilities at fair value through profit or loss, are added to the fair value of the financial asset and financial liability on initial recognition.

4.11 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital. Share issue costs incurred from the issuance of flow-through shares are charged directly to share capital and expense in proportion to the value of the Company's shares at time of issue and any flow-through share premium.

4.12 Comprehensive Income (Loss)

Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income includes items such as gains and losses on re-measuring available-for-sale financial assets and the effective portion of gains and losses on hedging instruments in a cash flow hedge.

4.13 Foreign Currency Translation

Functional currency

Items included in the consolidated financial statements of the Company's subsidiaries are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

Transactions and balances

Foreign currency transactions are translated into the relevant functional currency using the exchange rate prevailing at the date of the transaction. Foreign currency gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of loss.

Subsidiaries

The results and financial position of the Company's subsidiaries that have a functional currency different from the Company's presentation currency are translated into the presentation currency as follows:

- Assets and liabilities are translated at the closing rate at the reporting date;
- Income and expenses are translated at average exchange rates for the period;
- Equity is translated using historical rates; and
- All resulting exchange differences are recognised in other comprehensive income as foreign currency translation adjustments.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are taken to other comprehensive income (loss). When a foreign operation is sold, such exchange differences are recognised in the statement of loss as part of the gain or loss on sale.

4.14 Changes in Significant Accounting Policies

Accounting standard anticipated to be effective

Certain new standards, interpretations and amendments to existing standards have been issued by the IASB or International Financial Reporting Interpretations Committee ("IFRIC") that are mandatory for accounting periods beginning after January 1, 2018, or later periods. New standards and updates, which are not applicable or are not consequential to the Company, have been excluded from the list below.

IFRS 16, *Leases*, specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17 Leases. IFRS 16 is effective for years beginning after January 1, 2019. The Company does not anticipate the adoption of this standard to have a significant impact on the Company's consolidated financial statements.

IFRS 9, *Financial Instruments*, replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 utilizes a revised model for recognition and measurement of financial instruments and a single, forward-looking "expected loss" impairment model. Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward in IFRS 9, so the Company's accounting policy with respect to financial liabilities will remain unchanged. The adoption of IFRS 9 will be applied retrospectively. The adoption of IFRS 9 on July 1, 2018, is not expected to have an impact on deficit nor the opening balance of accumulated other comprehensive income.

5. EQUITY

5.1 Authorized Share Capital

Unlimited number of common shares with no par value.

(Expressed in Canadian dollars)

5.2 Shares Issued

Shares issued and outstanding as at June 30, 2018 are 63 Class A common shares and 37 Class B common shares.

During the period ended June 30, 2018, the following share transactions occurred:

i. On December 22, 2017, the Company completed a non-brokered private placement, issuing 63 Class A common shares at a price of $38,000 per Class A common share for gross proceeds of $2,394,000.
ii. On December 22, 2017, the Company completed a non-brokered private placement, issuing 37 Class B common shares at a price of $38,000 per Class B common share for gross proceeds of $1,406,000.

6. ACQUISITION OF BONHOMIE

During the period ended June 30, 2018, the Company acquired 100% of the issued and outstanding shares of Bonhomie for $100.

Bonhomie holds a 51% controlling interest in SAP.

At the date of the Company's acquisition of Bonhomie, the only assets and liabilities of SAP were related to the recent acquisition, by SAP, of interests in certain assets as to Leaseholds of $208,556 and Equipment of $365,472, based on the expectation that the liabilities incurred for these items would then be settled with subsequent advances from the Company (completed). Accordingly, at the date of the Company's acquisition of Bonhomie, SAP was considered to have net identifiable assets of $nil.

7. EQUIPMENT AND LEASEHOLD IMPROVEMENTS

	Equipment	Leasehold improvements	Total
Cost			
Balance, December 15, 2017	$ -	$ -	$ -
Additions	787,905	1,552,595	2,340,500
Write-down	(130,034)	-	(130,034)
Balance, June 30, 2018	$ 657,871	$ 1,552,595	$ 2,210,466
Depreciation			
Balance, December 15, 2017	-	-	-
Additions	119	-	119
Balance, June 30, 2018	119	-	119
Net, June 30, 2018	**657,752**	**1,552,595**	**2,210,347**

(Expressed in Canadian dollars)

As at June 30, 2018, the Company's Equipment and leasehold improvements were still under construction and modification and are not yet ready for operations. As such, depreciation expense has only been recorded on computer equipment purchased.

During the period ended June 30, 2018, the Company wrote-off equipment totalling $130,034 due to a change in regulations resulting in the equipment no longer usable in operations.

8. RELATED PARTY TRANSACTIONS AND BALANCES

Relationships	**Nature of the relationship**
Key management	Key management are those personnel having the authority and responsibility for planning, directing and controlling the Company and include the President and Chief Executive Officer, and Chief Financial Officer.

There were no related party transactions during the period.

9. INCOME TAXES

A reconciliation of income taxes at statutory rates is as follows:

	June 30, 2018
Loss and comprehensive loss for the period	$ (665,444)
Expected income tax recovery	(173,015)
Effect of non-deductible amounts	30
Unrecognized benefit of non-capital losses	172,985
Income tax expense	$ -

The Company's deductible temporary differences and unused tax losses consist of the following:

	June 30, 2018
Deferred income tax asset:	
Non-capital loss carry forwards	$ 665,000

The Company did not recognize the deferred tax assets for the period ended June 30, 2018 as future taxable profits are uncertain.

The Company has non-capital losses of approximately $665,000 which may be carried forward and applied against taxable income in future years. Future tax benefits which may arise as a result of these losses have not been recognized in these consolidated financial statements and have been offset by a valuation allowance.

10. COMMITMENTS

On November 1, 2017, SAP entered into a 36 month lease agreement to rent commercial space for the Company's production facility in Cathedral City, California, USA. The remaining lease obligation at June 30, 2018 is approximately $664,000.

Between March 1, 2018 and May 1, 2018, the Company entered into three commercial lease agreements for neighbouring industrial buildings in Palm Springs, California, USA. The remaining lease obligation on these buildings totals approximately $1,560,000 at June 30, 2018.

11. MANAGEMENT OF CAPITAL

The Company defines the capital that it manages as its cash and share capital.

The Company's objective when managing capital is to maintain corporate and administrative functions necessary to support the Company's operations and corporate functions; and to seek out and acquire new projects of merit.

The Company manages its capital structure in a manner that provides sufficient funding for operational and capital expenditure activities. Funds are secured, when necessary, through debt funding or equity capital raised by means of private placements. There can be no assurances that the Company will be able to obtain debt or equity capital in the case of working capital deficits.

The Company does not pay dividends and has no long-term debt or bank credit facility. The Company is not subject to any externally imposed capital requirements.

12. RISK MANAGEMENT

12.1 Financial Risk Management

The Company may be exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives. The main objectives of the Company's risk management processes are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal risks to which the Company is exposed are described below.

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain operations. The capital structure of the Company consists of cash and share capital.

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Company. Management's assessment of the Company's exposure to credit risk is low.

c. Liquidity Risk

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due. As at June 30, 2018, the Company's working capital is $874,241, and it does not have any long-term monetary liabilities. The Company may seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. Any equity offering will result in dilution to the ownership interests of the Company's shareholders and may result in dilution to the value of such interests. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company had cash of $1,030,285 and total liabilities of $206,642.

d. Market Risk

Market risk incorporates a range of risks. Movements in risk factors, such as market price risk and currency risk, affect the fair values of financial assets and liabilities. The Company is not exposed to these risks.

12.2 Fair Values

The carrying values of cash and accounts payable and accrued liabilities approximate their fair values due to their short-term to maturity.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are not observable, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

13. SUBSEQUENT EVENTS

i) On July 17, 2018, the Company completed a reverse takeover transaction ("RTO") with Chemesis International Inc. ("Chemesis"), pursuant to which Chemesis acquired all of the issued and outstanding shares of the Company in exchange for 46,807,559 common shares of Chemesis.

As the former shareholders of the Company owned a majority interest in the Chemesis immediately after closing, the substance of the transaction, for accounting purpose, is a reverse merger. The transaction does not constitute a business combination as Chemesis does not meet the definition of a business as defined under IFRS. As a result, the transaction will be accounted for as a capital transaction in substance, with the Company being identified as the acquirer.

a) The shares were issued on a post-consolidation basis to the Company. Concurrent with the transaction, Chemesis began trading on the Canadian Securities Exchange ("CSE") under the symbol "C.CSI".

ii) On June 25, 2018, Bonhomie entered into a Purchase Agreement and Assignment of Rights to acquire intellectual property comprised of a trade name, domain name and product technology. The purchase price was post-acquisition common shares of Chemesis valued at USD$500,000. On July 18, 2018, Chemesis issued 664,637 common shares to complete the transaction.