

CHEMESIS INTERNATIONAL INC.

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INFORMATION CIRCULAR

(containing information as at December 11, 2018, unless indicated otherwise)

**For the Annual General and Special Meeting
to be held on Wednesday, January 9, 2019**

SOLICITATION OF PROXIES

This information circular is furnished in connection with the solicitation of proxies by the management of Chemesis International Inc. (the “Company” and “Chemesis”) for use at the Annual General and Special Meeting (the “Meeting”) of the shareholders (the “Shareholders”) of the Company, to be held on Wednesday, January 9, 2019 at the time and place and for the purposes set forth in the accompanying notice of meeting and at any adjournment thereof. The enclosed instrument of proxy is solicited by the management of the Company. The solicitation will be primarily by mail, however, proxies may be solicited personally or by telephone by the regular officers and employees of the Company. The cost of solicitation will be borne by the Company.

APPOINTMENT AND REVOCATION OF PROXIES

The persons named in the accompanying form of proxy are directors and/or officers of the Company. **A Shareholder has the right to appoint a person (who need not be a Shareholder) to attend and act on the Shareholder’s behalf at the Meeting other than the persons named in the accompanying form of proxy. To exercise this right, a Shareholder shall strike out the names of the persons named in the accompanying form of proxy and insert the name of the Shareholder’s nominee in the blank space provided, or complete another instrument of proxy.** A proxy will not be valid unless it is duly completed, signed and deposited with the Company’s registrar and transfer agent, AST Trust Company (Canada) (“AST”) by hand or mail at P.O. Box 721, Agincourt, Ontario, M1S 0A1, by fax to 416-368-2502 or toll free in North America to 1-866-781-3111, or by email to proxyvote@astfinancial.com not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time of the Meeting or any adjournment thereof. A proxy must be signed by the Shareholder or by his attorney in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer.

A Shareholder who has given a proxy may revoke it at any time before it is exercised. In addition to revocation in any other manner permitted by law, a proxy may be revoked by instrument in writing executed by the Shareholder or by his attorney authorized in writing, or, if the Shareholder is a corporation, it must either be under its common seal or signed by a duly authorized officer and deposited by hand or mail with AST at P.O. Box 721, Agincourt, Ontario, M1S 0A1, or by fax to 416-368-2502 or toll free in North America to 1-866-781-3111, at any time up to and including the last business day preceding the day of the Meeting, or any adjournment of it, at which the proxy is to be used, or to the Chairperson of the Meeting on the day of the Meeting or any adjournment of it. A revocation of a proxy does not affect any matter on which a vote has been taken prior to the revocation.

These security holder materials are being sent to both registered and non-registered owners of securities of the Company. If you are a non-registered owner, and the issuer or its agent has sent these materials directly to you, your name and address and information about your holdings of securities, have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf.

By choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. If applicable, please return your voting instructions as specified in the request for voting instructions.

VOTING OF COMMON SHARES AND EXERCISE OF DISCRETION OF PROXIES

On any poll, the persons named in the enclosed instrument of proxy will vote the shares in respect of which they are appointed. Where directions are given by the Shareholder in respect of voting for or against any resolution, the proxyholder will do so in accordance with such direction.

IN THE ABSENCE OF ANY INSTRUCTION IN THE PROXY, IT IS INTENDED THAT SUCH SHARES WILL BE VOTED IN FAVOUR OF THE MOTIONS PROPOSED TO BE MADE AT THE MEETING AS STATED UNDER THE HEADINGS IN THIS INFORMATION CIRCULAR.

The instrument of proxy enclosed, when properly signed, confers discretionary authority with respect to amendments or variations to the matters which may properly be brought before the Meeting. At the time of printing this information circular, the management of the Company is not aware that any such amendments, variations or other matters are to be presented for action at the Meeting. However, if any other matters which are not now known to the management should properly come before the Meeting, the proxies hereby solicited will be voted on such matters in accordance with the best judgment of the nominee.

In order to approve a motion proposed at the Meeting, a majority greater than 50% of the votes cast will be required (an “**Ordinary Resolution**”) unless the motion requires a special resolution, in which case a majority of not less than two-thirds of the votes cast will be required. In the event a motion proposed at the Meeting requires disinterested shareholder approval, common shares held by Shareholders of the Company who are also “insiders”, as such term is defined under applicable securities laws, will be excluded from the count of votes cast on such motion.

BENEFICIAL SHAREHOLDERS

The information set forth in this section is of significant importance to many Shareholders as a substantial number of Shareholders do not hold shares in their own name. Shareholders who do not hold their shares in their own name (referred to in this information circular as “**Beneficial Shareholders**”) should note that only proxies deposited by Shareholders whose names appear on the records of the Company as the registered holders of shares can be recognized and acted upon at the Meeting.

If shares are listed in an account statement provided to a Shareholder by a broker, then, in almost all cases, those shares will not be registered in the Shareholder’s name on the records of the Company. Such shares will more likely be registered under the name of the Shareholder’s broker or an agent of that broker. In Canada, the vast majority of such shares are registered under the name CDS & Co. (the registration name for The Canadian Depositary for Securities, which acts as nominee for many Canadian brokerage firms). The shares held by brokers or their agents or nominees can only be voted (for or against resolutions) upon the instructions of the Beneficial Shareholder. Without specific instructions, a broker and its agents are prohibited from voting shares for the broker’s clients. **Therefore, Beneficial Shareholders should ensure that instructions respecting the voting of their shares are communicated to the appropriate person.**

Applicable regulatory rules require intermediaries/brokers to seek voting instructions from Beneficial Shareholders in advance of Shareholders’ meetings. Every intermediary/broker has its own mailing procedures and provides its own return instructions to clients, which should be carefully followed by Beneficial Shareholders in order to ensure that their shares are voted at the Meeting. The purpose of the form of proxy or voting instruction form provided to a Beneficial Shareholder by its broker, agent or nominee is limited to instructing the registered holder of the shares on how to vote such shares on behalf of the Beneficial Shareholder.

The majority of brokers now delegate responsibility for obtaining instructions from clients to Broadridge Investor Communications (“**Broadridge**”). Broadridge typically supplies a voting instruction form, mails those forms to Beneficial Shareholders and asks those Beneficial Shareholders to return the forms to Broadridge or follow specific telephone or other voting procedures. Broadridge then tabulates the results of all instructions received by it and provides appropriate instructions respecting the voting of the shares to be represented at the Meeting. **A Beneficial Shareholder receiving a voting instruction form from Broadridge cannot use that form to vote shares directly at the Meeting. Instead, the voting instruction form must be returned to Broadridge or the alternate voting procedures must be completed well in advance of the Meeting in order to ensure such shares are voted.**

There are two kinds of Beneficial Shareholders, those who object to their name being made known to the issuers of securities which they own (“**OBOs**” for Objecting Beneficial Owners) and those who do not object to the issuers of the securities they own knowing who they are (“**NOBOs**” for Non-Objecting Beneficial Owners). Pursuant to National Instrument 54-101 – *Communication with Beneficial Owners of Securities of a Reporting Issuer* (“**NI 54-101**”) issuers can obtain a list of their NOBOs from intermediaries for distribution of proxy related materials directly to NOBOs. This year, the Company has decided to take advantage of those provisions of NI 54-101 that permit it to directly deliver proxy-related materials to its NOBOs. As a result, NOBOs can expect to receive a scannable Voting Instruction Form (“**VIF**”) from our Transfer Agent, AST. These VIFs are to be completed and returned to AST in the envelope provided or by facsimile. In addition, AST provides both telephone voting and internet voting as described on the VIF itself which contains complete instructions. AST will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the shares represented by the

VIFs they receive. The Company does not intend to pay for intermediaries to deliver these securityholder materials to OBOs and, as a result, OBOs will not be sent paper copies unless their intermediary assumes the costs.

These securityholder materials are being sent to both registered and non-registered owners of the shares of the Company. If you are a non-registered owner and the Company or its agent has sent these materials directly to you, your name and address and information about your holdings of securities have been obtained in accordance with applicable securities regulatory requirements from the intermediary holding on your behalf. In this event, by choosing to send these materials to you directly, the Company (and not the intermediary holding on your behalf) has assumed responsibility for (i) delivering these materials to you, and (ii) executing your proper voting instructions. Please return your voting instructions as specified in the request for voting instructions.

Although Beneficial Shareholders may not be recognized directly at the Meeting for the purpose of voting shares registered in the name of their broker, agent or nominee, a Beneficial Shareholder may attend the Meeting as a proxyholder for a Shareholder and vote their shares in that capacity. Beneficial Shareholders who wish to attend the Meeting and indirectly vote their shares as proxyholder for the registered Shareholder should contact their broker, agent or nominee well in advance of the Meeting to determine the steps necessary to permit them to indirectly vote their shares as a proxyholder.

All references to shareholders in this information circular and the accompanying form of proxy are to registered Shareholders unless specifically stated otherwise.

RECORD DATE, VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

A Shareholder of record at the close of business on December 5, 2018 (the “**Record Date**”) who either personally attends the Meeting or who has completed and delivered a proxy in the manner and subject to the provisions described above, shall be entitled to vote or to have such Shareholder’s shares voted at the Meeting.

The Company’s authorized capital consists of an unlimited number of common shares (“**Common Shares**”) without par value. As at the Record Date, the Company has 67,167,750 Common Shares issued and outstanding, each Common Share carrying the right to one vote. The Company also has 6,100,000 stock options (“**Options**”) and 4,580,282 share purchase warrants (“**Warrants**”) issued and outstanding (the Shareholders, together with holders of Options and Warrants, being “**Chemesis Securityholders**”).

PRINCIPAL HOLDERS OF VOTING SECURITIES

To the best of the knowledge of the directors and executive officers of the Company, no persons or corporations beneficially own, directly or indirectly, or exercise control or direction over, Common Shares carrying more than 10% of the voting rights attached to all outstanding Common Shares of the Company, other than the persons set forth in the table below:

Person	Number of Common Shares beneficially owned, directly or indirectly	Percentage of the voting rights attached to the Common Shares
Aman Parmar	7,365,133	10.97%
Rae Ventures Inc.	8,050,633	11.99%

STATEMENT OF EXECUTIVE COMPENSATION

DEFINITIONS

For the purpose of this information circular:

“**CEO**” means an individual who acted as chief executive officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**CFO**” means an individual who acted as chief financial officer of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**Director**” means an individual who acted as a director of the Company, or acted in a similar capacity, for any part of the most recently completed financial year;

“**equity incentive plan**” means an incentive plan, or portion of an incentive plan, under which awards are granted and that falls within the scope of IFRS 2 *Share-Based Payments*;

“**incentive plan**” means any plan providing compensation that depends on achieving certain performance goals or similar conditions within a specified period;

“**incentive plan award**” means compensation awarded, earned, paid, or payable under an incentive plan;

“**NEO**” or “**named executive officer**” means each of the following individuals:

- (a) a CEO;
- (b) a CFO;
- (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(6) of National Instrument 51-102 – *Continuous Disclosure Obligations* (“**NI 51-102**”), for that financial year; and
- (d) each individual who would be an NEO under paragraph (c) but for the fact that the individual was neither an executive officer of the company, nor acting in a similar capacity, at the end of that financial year; and

“**option-based award**” means an award under an equity incentive plan of options, including, for greater certainty, share options, share appreciation rights, and similar instruments that have option-like features.

COMPENSATION DISCUSSION AND ANALYSIS

The Board of Directors of the Company (the “**Board of Directors**” or “**Board**”) is responsible for reviewing and approving goals and objectives relevant to executive compensation and evaluating performance relative to those goals and objectives. Effective July 21, 2018, the Board has constituted a compensation committee (the “**Compensation Committee**”) to consider compensation matters, report to the Board, and to make recommendations regarding executive compensation. The Compensation Committee is presently comprised of Brian G. Thurston, Mike Aujla, and Aman Parmar, and is responsible for considering all forms of compensation to be granted to the CEO and the Directors, and for reviewing the CEO’s recommendations respecting compensation of the other officers of the Company. In its review of executive compensation, the Compensation Committee strives to ensure such arrangements reflect the responsibilities and risks associated with each position. It is the responsibility of the Board, as a whole, to determine the level of compensation of its senior executives and in so determining, the Board considers: (i) recruiting and retaining executives critical to the success of the Company and the enhancement of shareholder value; (ii) providing fair and competitive compensation; (iii) balancing the interests of management and Shareholders; and (iv) rewarding performance, both on an individual basis and with respect to operations in general.

The Board of Directors may set, throughout the year, discretionary bonuses to serve as incentive mechanisms for the meeting of particular corporate goals and objectives, or for the Company’s financial performance. NEOs are also eligible to participate in the Company’s stock option plan (the “**Option Plan**”) and receive grants of Options thereunder.

The Board of Directors has not conducted a formal evaluation of the implications of the risks associated with the Company’s compensation policies. Risk management is a consideration of the Board of Directors when implementing its compensation policies and the Board of Directors does not believe that the Company’s compensation policies result in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Company.

Option-Based Awards

The Option Plan is used to attract, retain and incentivize qualified and experienced personnel. The Option Plan is an important part of the Company’s long-term incentive strategy for its NEOs, as well as for its other Directors, officers, other management, employees and consultants, permitting them to participate in any appreciation of the market value of the Common Shares over a stated period of time. The Option Plan is designed to foster a proprietary interest in stock ownership, and to reinforce a commitment to the Company’s long-term growth, performance and success as well as increases in shareholder value. The Board of Directors reviews the grant of stock options to NEOs from time to time, based on various factors such as the NEOs level of responsibility and role and importance in the

Company achieving its corporate goals, objectives and prospects. Previous grants of Options are taken into account when considering new grants of Options to NEOs.

Use of Financial Instruments

The Company does not have a policy that would prohibit a NEO or Director from purchasing financial instruments, including prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or Director. However, management is not aware of any NEO or Director having purchased or purchasing such an instrument.

Summary Compensation Table

Aman Parmar, Edgar Montero and Eli Dusenbury are the NEOs of the Company for the purposes of the following disclosure. Aman Parmar, Edgar Montero and Eli Dusenbury are not employees of the Company. They provide or have provided their services as officers of the Company in their respective consulting capacity.

The compensation for the NEOs and Directors, received directly or indirectly, for the Company's two most recently completed financial years is as set out below:

Table of Compensation Excluding Compensation Securities								
Name and position	Year ⁽¹⁾	Salary, consulting fee, retainer or commission (\$)	Bonus (\$)	Committee or meeting fees (\$)	Value of perquisites	Pension value (\$)	Value of all other compensation (\$)	Total (\$)
Aman Parmar ⁽²⁾ President and Director	2018	120,000	Nil	Nil	Nil	Nil	Nil	120,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Edgar Montero ⁽³⁾ CEO and Director	2018	120,000	Nil	Nil	Nil	Nil	Nil	120,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Brian Thurston ⁽⁴⁾ Director	2018	36,000	Nil	Nil	Nil	Nil	Nil	Nil
	2017	48,500	Nil	Nil	Nil	Nil	Nil	Nil
Mike Aujla ⁽⁵⁾ Director	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Eli Dusenbury ⁽⁶⁾ CFO	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Dave McMillan ⁽⁷⁾ Former Director	2018	Nil	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Mathew Lee ⁽⁸⁾ Former CFO	2018	90,000	Nil	Nil	Nil	Nil	Nil	90,000
	2017	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- (1) Financial years ended June 30, 2018 and 2017.
- (2) Aman Parmar was appointed as the President on July 16, 2018, and joined as a director of the Company on March 17, 2017.
- (3) Edgar Montero was appointed as the Chief Executive Officer, and joined as a director, of the Company, on July 17, 2018.
- (4) Brian Thurston resigned as President and CEO of Canadian Mining Corp. on July 16, 2018 and has been a director of the Company since March 15, 2017.
- (5) Mike Aujla was joined as a director of the Company on July 27, 2018.
- (6) Eli Dusenbury was appointed as the Chief Financial Officer of the Company on September 7, 2018.
- (7) Dave McMillan resigned as a director of the Company on July 27, 2018.
- (8) Mathew Lee was appointed as the Chief Financial Officer of the Company on February 20, 2018, and subsequently resigned on September 30, 2018.

There are no arrangements under which Directors who were not NEOs were compensated by the Company during the financial years ended June 30, 2018 and 2017 other than Options that were issued pursuant to the Option Plan.

INCENTIVE PLAN AWARDS

The Company has in effect the Option Plan in order to provide effective incentives to Directors, officers, senior management personnel, consultants, and employees of the Company and to enable the Company to attract and retain experienced and qualified individuals in those positions by permitting such individuals to directly participate in an

increase in per share value created for Shareholders. The Company grants incentive stock options from time to time to its Directors, officers, consultants and employees in accordance with the policies of the Canadian Securities Exchange (the “Exchange”) at the discretion of its Board of Directors.

There are no formal plans other than the Option Plan pursuant to which options to purchase securities of the Company were or may be granted to executive officers.

Compensation Securities Table

The following table sets forth particulars of all compensation securities granted or issued to each NEO and Director of the Company as of the Record Date:

Name and position	Type of compensation security ⁽¹⁾	Number of compensation securities, number of underlying securities	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
Aman Parmar President and Director	Options	50,000 700,000	June 9, 2017 July 22, 2018	0.50 1.00	0.38 0.56	0.315 -	June 9, 2022 July 22, 2023
Edgar Montero CEO and Director	Options	600,000	July 22, 2018	1.00	0.56	-	July 22, 2023
Brian Thurston Director	Options	100,000 500,000	June 9, 2017 July 22, 2018	0.50 1.00	0.38 0.56	0.315 -	June 9, 2022 July 22, 2023
Mike Aujla Director	Options	250,000	July 22, 2018	1.00	0.56	-	July 22, 2023
Eli Dusenbury CFO	Options	250,000	Sept 27, 2018	1.74	1.74	-	Sept 27, 2023
Dave McMillan Former Director	Options	200,000	July 22, 2018	1.00	0.56	-	July 22, 2023
Mathew Lee Former CFO	Options	250,000	July 22, 2018	1.00	0.56	-	Oct 30, 2018

Notes:

(1) Each Option entitles the holder to one Common Share upon exercise or release. For additional information see “Re-approval of Rolling Stock Option Plan” below.

Exercise of Compensation Securities by Directors and NEOs

The following table sets forth information with respect to all compensation securities exercised by directors and NEOs during the Company’s most recently completed financial year:

Name and position	Type of compensation security ⁽¹⁾	Number of underlying securities exercised	Date of Exercise	Exercise price per security (\$)	Closing price per security on date of exercise (\$)	Difference between exercise price and closing price on date of exercise (\$)	Total value on date of exercise (\$)
Brian Thurston Director	Options	200,000	August 15, 2017	0.25	0.62	0.37	74,000

PENSION PLAN BENEFITS

No pension, retirement or deferred compensation plans, including defined contribution plans, have been instituted by the Company and none are proposed at this time.

MATERIAL TERMS OF NEO AGREEMENTS

Termination and Change of Control Benefits

The Company does not have any plans or arrangements in place with any officers that provide for payment following or in connection with any termination, resignation, retirement, or change of control of the Company.

MANAGEMENT CONTRACTS

Except as disclosed herein, no management functions of the Company or its subsidiaries are, to any substantial degree, performed by a person or company other than the directors or NEOs of the Company.

Effective August 1, 2018, the Company entered into a consulting agreement with 1428 Investments Inc. of 1103 – 88 West 1st Ave, Vancouver, BC V5Y 0K2, pursuant to which 1428 Investments Inc. agreed to serve as President of the Company through Aman Parmar.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLANS

The following table sets out particulars of the compensation plans under which equity securities of the Company are authorized for issuance as of June 30, 2018:

EQUITY COMPENSATION PLAN INFORMATION

Plan Category	Number of securities to be issued upon exercise of outstanding Options, warrants and rights under the Plan	Weighted average exercise price of outstanding Options, warrants and rights under the Plan (\$)	Number of securities remaining available for future issuance under equity compensation plans⁽¹⁾
Equity compensation plans approved by securityholders ⁽²⁾	650,000	0.78	954,008
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
TOTALS:	650,000	0.78	954,008

Notes:

- (1) The foregoing information is presented as at June 30, 2018. As at June 30, 2018, the Company had 16,040,076 Common Shares issued and outstanding.
- (2) Represents the Option Plan of the Company. As at June 30, 2018, the Option Plan reserved Common Shares equal to a maximum of 10% of the issued and outstanding Common Shares for issue pursuant to the Option Plan.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

Other than “routine indebtedness” as defined in applicable securities legislation, since the beginning of the last fiscal year of the Company, none of:

- (b) the Directors or executive officers of the Company;
- (c) the proposed nominees for election as a Director of the Company; or
- (d) any associates of the foregoing persons;

is or has been indebted to the Company or any of its subsidiaries or has been indebted to any other entity where that indebtedness was the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries, and which was not entirely repaid on or before the date of this information circular.

INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON

No Director or executive officer of the Company, no proposed nominee for Director and no associate or affiliate of any of the foregoing persons has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted upon at the Meeting.

INTEREST OF INSIDERS AND INFORMED PERSONS IN MATERIAL TRANSACTIONS

For purposes of the following discussion, “**Informed Person**” means (a) a Director or executive officer of the Company; (b) a director or executive officer of a person or company that is itself an Informed Person or a subsidiary of the Company; (c) any person or company who beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company or a combination of both carrying more than 10 percent of the voting rights attached to all outstanding voting securities of the Company, other than the voting securities held by the person or company as underwriter in the course of a distribution; and (d) the Company itself if it has purchased, redeemed or otherwise acquired any of its securities, for so long as it holds any of its securities.

Except as disclosed below or in the Notes to the Company’s financial statements for the financial year ended June 30, 2018, none of:

- (a) the Informed Persons of the Company;
- (b) the proposed nominees for election as a Director; or
- (c) any associate or affiliate of the foregoing persons,

has any material interest, direct or indirect, in any transaction since the commencement of the Company’s most recently completed financial year or in any proposed transaction which has materially affected or would materially affect the Company or any subsidiary of the Company.

REQUEST FOR FINANCIAL STATEMENTS

NI 51-102 sets out the procedures for a Shareholder to receive financial statements. If you wish to receive financial statements, you may use the enclosed form or provide instructions in any other written format (the “**Request for Financial Statements**”). Registered Shareholders must also provide written instructions in order to receive the financial statements.

PARTICULARS OF THE MATTERS TO BE VOTED ON

PRESENTATION OF FINANCIAL STATEMENTS

The audited financial statements of the Company for the period ended June 30, 2018 (the “**Financial Statements**”), together with the auditor’s report thereon (the “**Auditor’s Report**”), will be presented to Shareholders at the Meeting. The Financial Statements, Auditor’s Report and management’s discussion and analysis (the “**MD&A**”) for the financial year ended June 30, 2018 are available under the Company’s profile on SEDAR at www.sedar.com. The Notice of Meeting to Shareholders, this information circular, Request for Financial Statements and form of proxy will be available from AST at suite 1600, 1066 West Hastings Street, Vancouver, British Columbia, V6E 3X1, or the Company’s head office located at Suite 2710 – 200 Granville Street, Vancouver, British Columbia V6C 1S4.

Please be advised that dollar amounts in the Financial Statements and this information circular are expressed in Canadian Dollars, unless otherwise indicated.

APPOINTMENT AND REMUNERATION OF AUDITOR

Shareholders will be asked to approve the re-appointment of D&H Group LLP, Chartered Professional Accountants (“**D&H**”), of 10th Floor, 1333 West Broadway, Vancouver, British Columbia, V6H 4C1, as the auditor of the Company to hold office until the next annual general meeting of the Shareholders at remuneration to be fixed by the Board of Directors. D&H were initially appointed as auditor of the Company on June 4, 2018.

In the absence of instructions to the contrary, the Common Shares represented by proxy will be voted FOR re-appointing D&H as the Company’s independent auditor for the ensuing year, and FOR authorizing the Board of Directors to fix the auditor’s pay.

FIXING THE NUMBER OF DIRECTORS

The Board of Directors presently consists of four (4) Directors and management proposes, and the persons named in the accompanying form of proxy intend to vote in favour of, fixing the number of Directors for the ensuing year at four (4). Shareholders will also be asked to pass the following Ordinary Resolution to approve fixing the number of Directors at four (4):

In the absence of instructions to the contrary, the Common Shares represented by proxy will be voted FOR fixing the number of Directors at four (4) for the ensuing year.

ELECTION OF DIRECTORS

The Company has nominated Aman Parmar, Mike Aujla, Edgar Montero, and Brian Thurston (the “Slate”) for election. Each Director is elected annually and holds office until the next annual general meeting of Shareholders or until his successor is duly elected, unless their office is earlier vacated in accordance with the articles of the Company (the “Articles”).

Shareholders will be asked to pass the following Ordinary Resolution to elect the Slate (the “Board Reconstitution Resolution”):

“**BE IT RESOLVED THAT:** the election of Aman Parmar, Mike Aujla, Edgar Montero, and Brian Thurston as directors of the Company, to hold office until the next annual general meeting of the shareholders, or until their successors are duly elected or appointed, is hereby approved.”

In the absence of instructions to the contrary, the Common Shares represented by proxy will be voted FOR the Board Reconstitution Resolution.

Management does not contemplate that any of the nominees comprising the Slate will be unable to serve as a Director. However, if that should occur for any reason prior to the Meeting, it is intended that the discretionary authority will be exercised by the proxyholders to vote the Common Shares represented by each proxy, properly executed, **FOR** the election of any other person or persons in place of any nominee or nominees unable to serve, unless authority to do so with respect to the nominee or nominees unable to serve is withheld.

Information Concerning Nominees for the Slate

The following table sets out required information regarding the persons nominated by management for election as a Director, and which comprise the Slate. No proposed Director is to be elected under any arrangement or understanding between the proposed Director and any other person or company, except the Directors and executive officers of the Company acting solely in such capacity.

Name, Province and Country of ordinary residence ⁽¹⁾ , and positions to be held	Principal occupation and, IF NOT an elected Director, principal occupation during the past five years ⁽¹⁾	Date(s) serving as a Director	No. of Common Shares beneficially owned or controlled ⁽¹⁾
Aman Parmar Coquitlam, BC <i>President and Director</i>	Businessman	2017	7,365,133
Edgar Montero Puerto Rico, USA <i>CEO and Director</i>	Businessman	2018	Nil
Mike Aujla Vancouver, BC <i>Director</i>	Businessman	2018	Nil
Brian Thurston, P.Geo Port Moody, BC <i>Director</i>	Businessman	2017	100,000

Note:

(1) This information, not being within the knowledge of the Company, has been furnished by the respective nominees. Information provided as at the Record Date.

The Company does not currently have an Executive Committee of its Board of Directors. Pursuant to National Instrument 52-110 – *Audit Committees* (“NI 52-100”), the Company is required to have an audit committee of its Board of Directors (the “Audit Committee”). As at the date of this Circular, the members of the Audit Committee are Aman Parmar, Mike Aujla, and Brian Thurston.

Cease Trade Orders, Corporate and Personal Bankruptcies, Penalties and Sanctions

To the knowledge of the Company, no proposed Director (including any personal holding company of a proposed Director), is:

1. as at the date of this information circular, or has been, within 10 years before the date of this information circular, a director, chief executive officer or chief financial officer of any company (including the Company) that:
 - i. was the subject of a cease trade order (including a management cease trade order which applies to directors or executive officers), an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation that was in effect for a period of more than 30 consecutive days (collectively an “**order**”), that was issued while such person was acting in the capacity as director, chief executive officer or chief financial officer; or
 - ii. was subject to an order that was issued after such person ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as a director, chief executive officer or chief financial officer.
 - iii. is, as at the date of this information circular, or has been within 10 years before the date of this information circular, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets;
 - iv. has, within the 10 years before the date of this information circular, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become 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 the proposed Director; or
 - v. has been subject to:
 - a. any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority since March 31, 2000 or before March 31, 2000 the disclosure of which would likely be important to a reasonable security holder in deciding whether to vote for a proposed Director; or
 - b. any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed Director.

No proposed director is to be elected under any arrangement or understanding between the proposed director and any other person or company, except the directors and executive officers of the Company acting solely in such capacity.

RE-APPROVAL OF ROLLING STOCK OPTION PLAN

The Board approved the Option Plan on March 15, 2017. The Shareholders will be asked to pass an Ordinary Resolution adopting the Option Plan.

Under the Option Plan, the Board of Directors may, from time to time, grant stock options to purchase Common Shares to certain directors, officers, employees and consultants of the Company and of its subsidiaries and affiliates. The maximum number of Common Shares issuable under the Option Plan and all other security-based compensation arrangements of the Company is ten (10%) percent of the issued and outstanding number of Common Shares from time to time. Pursuant to the terms of the Option Plan, the maximum length of any stock option shall be 10 years from the date the stock option is granted.

Pursuant to the Board’s authority to govern the implementation and administration of the Option Plan, all previously granted and outstanding stock options shall be governed by the provisions of the Option Plan.

Shareholders will be asked to pass the following Ordinary Resolution to adopt and re-approve the Option Plan (the “**Option Plan Resolution**”).

“BE IT RESOLVED THAT: the Company’s Option Plan be and is hereby ratified, confirmed and approved with such additional provisions and amendments, as the directors of the Company may deem necessary or advisable.”

In the absence of instructions to the contrary, the Common Shares represented by proxy will be voted FOR the Option Plan Resolution.

THE ARRANGEMENT

Terms used herein but not otherwise defined shall have the meaning ascribed to such term in the arrangement agreement dated November 29, 2018 (the **“Arrangement Agreement”**) between the Company and IMC International Mining Corp. (**“IMC”**).

At the Meeting, Shareholders will be asked to consider and, if determined advisable, to pass, the Arrangement Resolution to approve the Arrangement under the BCBCA pursuant to the terms of the Arrangement Agreement and the Plan of Arrangement. The Arrangement, the Plan of Arrangement and the terms of the Arrangement Agreement are summarized below. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement, which has been filed by Chemesis under its profile on SEDAR at www.sedar.com, and the Plan of Arrangement, which is attached to this Circular as Schedule “D”.

In order to become effective, the Arrangement must be approved by (a) at least two-thirds of the votes cast at the Meeting by the Shareholders, present in person or represented by proxy and entitled to vote at the Meeting; and (b) by a simple majority of the votes cast at the Meeting by Shareholders present in person or represented by proxy and entitled to vote at the Meeting, excluding the votes cast in respect of Common Shares held by any interested party, (as defined by Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (**“MI 61-101”**)), related party (as defined by MI 61-101) or joint actor (as defined by MI 61-101). A copy of the Arrangement Resolution is set out in Schedule “C” of this Circular.

Unless otherwise directed, it is Management’s intention to vote FOR the Arrangement Resolution. If you do not specify how you want your Common Shares voted, the persons named as proxyholders will cast the votes represented by your proxy at the Meeting FOR the Arrangement Resolution.

If the Arrangement is approved at the Meeting and the Final Order approving the Arrangement is issued by the Court and the other applicable conditions to the completion of the Arrangement are satisfied or waived, the Arrangement will take effect commencing at the Effective Time (which will be at 12:01 a.m. (Vancouver time)) on the Effective Date (which is expected to be in early 2019).

Reasons for the Arrangement

The Company believes that the Arrangement is in the best interests of Chemesis in order to unlock value in the Company’s assets at the Bullard Pass Property (defined below) by transferring such assets into a separate entity and managing accordingly.

Principal Steps of the Arrangement

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence or as otherwise provided below or herein, without any further act or formality:

1. Each Common Share in respect of which a Shareholder has exercised Dissent Rights and for which the Shareholder is ultimately entitled to be paid fair value (each a **“Dissent Share”**) shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis to be paid the fair value of such Dissent Share in accordance with Article 3 of this Plan of Arrangement, net of any applicable withholding tax, and such Dissent Share shall thereupon be cancelled.
2. Chemesis will transfer all of the issued and outstanding common shares of Canadian Mining Company of Arizona Inc., a wholly-owned subsidiary of Chemesis, to IMC in exchange for approximately 3,246,625 IMC Common Shares.
3. Notwithstanding the terms of the Chemesis Option Plan, including any agreement made thereunder:
 - (a) each Chemesis Option (whether vested or not) exercisable for a Common Share that is outstanding as at the Distribution Record Date (defined below) which has not been duly exercised or cancelled will be and will be deemed to be exchanged for:

- (i) one fully-vested Replacement Chemesis Option to purchase from Chemesis one Common Share for every Common Share that could be purchased under the Chemesis Option. Each Replacement Chemesis Option will be governed by the terms of the Chemesis Option Plan and will have: (1) an exercise price per Common Share (rounded up to the nearest whole cent) equal to the exercise price of each Chemesis Option so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Option for which such Replacement Chemesis Option was exchanged; and
- (ii) one-twentieth of one fully-vested IMC Option to purchase from IMC one IMC Common Share for every Common Share that could be purchased under the Chemesis Option. Each IMC Option will be governed by the terms of the IMC Plan and will have: (1) an exercise price per IMC Common Share (rounded up to the nearest whole cent) equal to the exercise price of each such Chemesis Option so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Option for which such IMC Option was exchanged,

provided that the exercise prices of each Replacement Chemesis Option and each IMC Option issued pursuant to the step above shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof immediately after the steps above does not exceed the In the Money Amount of the exchanged Chemesis Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

4. Notwithstanding the terms of any certificates representing the Chemesis Warrants, including any agreement made thereunder:

- (a) each Chemesis Warrant (whether vested or not) exercisable for an Common Share that is outstanding as at the Distribution Record Date which has not been duly exercised or cancelled will be and will be deemed to be exchanged for:
 - (i) one fully-vested Replacement Chemesis Warrant to purchase from Chemesis one Common Share for every Common Share that could be purchased under the Chemesis Warrant. Each Replacement Chemesis Warrant will have: (1) an exercise price per Common Share (rounded up to the nearest whole cent) equal to the exercise price of each Chemesis Warrant so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Warrant for which such Replacement Chemesis Warrant was exchanged; and
 - (ii) one-twentieth of one fully-vested IMC Warrant to purchase from IMC one IMC Common Share for every Common Share that could be purchased under the Chemesis Warrant. Each IMC Warrant will have: (1) an exercise price per IMC Common Share (rounded up to the nearest whole cent) equal to the exercise price of each such Chemesis Warrant so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Warrant for which such IMC Warrant was exchanged,

provided that the exercise prices of each Replacement Chemesis Warrant and each IMC Warrant issued pursuant to the step above shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof immediately after the steps above does not exceed the In the Money Amount of the exchanged Chemesis Warrant determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

5. Chemesis will distribute the IMC Common Shares to the holders of Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Common Share for each Common Share, held as at the Distribution Record Date, as a return of stated capital and reduction of paid-up capital for purposes of the Tax Act.

The foregoing matters will be deemed to occur on the Effective Date, notwithstanding that certain of the procedures related thereto are not being completed until after the Effective Date.

The Board may, in its absolute discretion, determine whether or not to proceed with the Arrangement without further approval, ratification or confirmation by the Shareholders.

No Fractional Shares

No fractional IMC Common Shares will be issued. In the event that a Shareholder would otherwise be entitled to a fractional IMC Common Share under the Plan of Arrangement, the number of IMC Common Shares issued to such Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of IMC Common Shares. In calculating such fractional interests, all Common Shares registered in the name of or beneficially held by such Shareholder or their nominee shall be aggregated.

Effect of the Arrangement

As a result of the Arrangement, Shareholders will receive one-twentieth of one IMC Common Shares for every Common Share held as at the Arrangement Record Date. It is expected that the issued capital of IMC will be approximately 3,246,625 IMC Common Shares, post-Arrangement. Shareholders (as at the Arrangement Record Date) will own all of the outstanding IMC Common Shares, post-Arrangement, as of the Effective Time.

IMC will be a reporting issuer in the province of British Columbia, Alberta and Ontario. IMC will make an application to list the IMC Common Shares on the Exchange. Any listing will be subject to the approval of the Exchange.

The Chemesis Options and the Chemesis Warrants outstanding as at the Arrangement Record Date will be subject to the Plan of Arrangement. See “Particulars of Other Matters to be Acted Upon – The Arrangement – Principal Steps of the Arrangement” for details on the treatment of the Chemesis Option and Chemesis Warrants under the Arrangement.

The Chemesis Optionholders and Chemesis Warrantholders will not be entitled to vote on the Arrangement Resolution. All Chemesis Optionholders and Chemesis Warrantholders who are not otherwise Shareholders have received a copy of this information circular containing information on the Arrangement and its treatment of the Chemesis Option and Chemesis Warrants.

Upon completion of the Arrangement, IMC will own a 100% ownership in the Bullard Pass Property.

Amendments to the Plan of Arrangement

The Company reserves the right to amend, modify or supplement (or do all of the foregoing) the Plan of Arrangement from time to time and at any time prior to the Effective Date provided that any such amendment, modification and/or supplement must be contained in a written document that is:

- (a) filed with the Court and, if made following the Meeting, approved by the Court; and
- (b) communicated to Chemesis Securityholders in the manner required by the Court (if so required).

Any amendment, modification or supplement to the Plan of Arrangement may be proposed by the Company at any time prior to or at the Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of the Plan of Arrangement for all purposes.

Any amendment, modification or supplement to the Plan of Arrangement which is approved by the Court following the Meeting shall be effective only:

- (a) if it is consented to by Chemesis; and
- (b) if required by the Court or applicable law, it is consented to by the Chemesis Securityholders.

Any amendment, modification or supplement to the Plan of Arrangement may be made following the Effective Date unilaterally by the Company, provided that it concerns a matter which, in the reasonable opinion of the Company, is of an administrative nature required to better give effect to the implementation of the Plan of Arrangement and is not adverse to the financial or economic interest of any holder of Common Shares.

Directors and Officers of IMC

The board of directors of IMC (the “**IMC Board**”) will be comprised of Brian Thurston, Dave McMillan and Mike Aujla. Management of IMC will be comprised of Brian Thurston (CEO, President and Corporate Secretary) and Eli Dusenbury (CFO).

The following table discloses the current positions and security holdings of directors and executive officers of Chemesis as at the date of this Circular, as well as the anticipated positions and shareholdings in IMC, post-Arrangement.

Director and/or Executive Officer	Chemesis Position(s), Common Shares⁽¹⁾, Chemesis Options and Chemesis Warrants	Post-Arrangement IMC Position(s) and IMC Common Shares⁽¹⁾, IMC Options⁽²⁾ and IMC Warrants⁽³⁾
Aman Parmar	President and Director 7,365,133 Common Shares 750,000 Chemesis Options Nil Chemesis Warrants	N/A 368,257 IMC Common Shares 37,500 IMC Options Nil IMC Warrants
Edgar Montero	CEO and Director Nil Common Shares 600,000 Chemesis Options Nil Chemesis Warrants	N/A Nil IMC Common Shares 30,000 IMC Options Nil IMC Warrants
Brian Thurston	Director 100,000 Common Shares 500,000 Chemesis Options Nil Chemesis Warrants	President, CEO, Corporate Secretary & Director 5,000 IMC Common Shares 25,000 IMC Options Nil IMC Warrants
Mike Aujla	Director Nil Common Shares 250,000 Chemesis Options Nil Chemesis Warrants	Director Nil IMC Common Shares 12,500 IMC Options Nil IMC Warrants
Eli Dusenbury	CFO Nil Common Shares 200,000 Chemesis Options Nil Chemesis Warrants	CFO Nil IMC Common Shares 10,000 IMC Options Nil IMC Warrants
Patrick Ogle	General Counsel and Corporate Secretary Nil Common Shares 250,000 Chemesis Options Nil Chemesis Warrants	N/A Nil IMC Common Shares 12,500 IMC Options Nil IMC Warrants

Notes:

- (1) Holders of Common Shares will receive one-twentieth of one IMC Common Shares for every Common Share held as described in the Plan of Arrangement. See “Particulars of Matters to be Acted Upon – The Arrangement – Principal Steps of the Arrangement”.
- (2) Holders of Chemesis Options will receive one fully-vested Replacement Chemesis Option and one-twentieth of one fully vested IMC Option for every Chemesis Option held as at the Distribution Record Date as described in the Plan of Arrangement. See “Particulars of Matters to be Acted Upon – The Arrangement – Principal Steps of the Arrangement”.
- (3) Holders of Chemesis Warrants will receive one fully-vested Replacement Chemesis Warrant and one-twentieth of one fully vested IMC Warrant for every Chemesis Warrant held as at the Distribution Record Date as described in the Plan of Arrangement. See “Particulars of Matters to be Acted Upon – The Arrangement – Principal Steps of the Arrangement”.

Fairness Opinion

Not applicable.

Recommendation of the Board

Chemesis has reviewed the terms and conditions of the proposed Arrangement and has concluded that the Arrangement is fair and reasonable to Shareholders and in the best interests of the Company.

In arriving at this conclusion, the Board considered, among other matters:

- (a) the financial condition, business and operations of Chemesis, on both a historical and prospective basis, and information in respect of IMC on a pro forma basis;
- (b) the procedures by which the Arrangement is to be approved, including the requirement for approval of the Arrangement by the Court after a hearing at which fairness to Shareholders;
- (c) the availability of rights of dissent to registered Shareholders with respect to the Arrangement;

- (d) the assets to be held by each of Chemesis and IMC and the unrealized value of the Bullard Pass Property;
- (e) the advantages of segregating the mineral exploration from the business of the cultivation of cannabis;
- (f) historical information regarding the price of the Common Shares;
- (g) the Canadian tax treatment of Shareholders under the Arrangement;
- (h) Shareholders will own securities of two publicly listed companies, if the intended listing of the IMC Common Shares is obtained; and
- (i) Chemesis will be able to concentrate its efforts on the advancement of its cannabis business and IMC will be able to concentrate its efforts on advancing the Bullard Pass Property.

The Board did not assign a relative weight to each specific factor and each director may have given different weights to different factors. Based on its review of all the factors, the Board considers the Arrangement to be advantageous to Chemesis and fair and reasonable to the Shareholders. The Board also identified disadvantages associated with the Arrangement including the fact that there will be the additional costs associated with running two companies and there is no assurance that the proposed Arrangement will result in positive benefits to Shareholders. See “Particulars of Matters to be Acted Upon – The Arrangement – Arrangement Risk Factors” and “Schedule “L” – IMC International Mining Corp. – Risk Factors”.

The Board recommends that Shareholders vote in favour of the Arrangement Resolution. Each director and officer of Chemesis who owns Common Shares has indicated his or her intention to vote his or her Common Shares in favour of the Arrangement Resolution.

Arrangement Risk Factors

Chemesis and IMC should each be considered as highly speculative investments and the transactions contemplated herein should be considered of a high-risk nature. Shareholders should carefully consider all of the information disclosed in this Circular prior to voting on the matters being put before them at the Meeting.

The completion of the Arrangement is subject to a number of conditions precedent, certain of which are outside the control of Chemesis and IMC, including receipt of Shareholder approval at the Meeting and receipt of the Final Order. There can be no certainty, nor can Chemesis or IMC provide any assurance, that these conditions will be satisfied or, if satisfied, when they will be satisfied.

In addition to the other information presented in this Circular (without limitation, see also “Schedule “L” – IMC International Mining Corp. – Risk Factors”), the following risk factors should be given special consideration:

1. The trading price of Common Shares on the Effective Date may vary from the price as at the date of execution of the Arrangement Agreement, the date of this Circular and the date of the Meeting and may fluctuate depending on investors’ perceptions of the merits of the Arrangement.
2. Pursuant to the provisions of the Plan of Arrangement, the consideration is fixed and it will not increase or decrease due to fluctuations in the market price of the Common Shares. The implied value of the consideration to be received pursuant to the Arrangement will partly depend on the market price of the Common Shares on the Effective Date. If the market price of the Common Shares increases or decreases, the value of the consideration will correspondingly increase or decrease. There can be no assurance that the market price of the Common Shares on the Effective Date will not be lower or higher than the market price of the Common Shares on the date of the Meeting. In addition, the number of IMC Common Shares being issued in connection with the Arrangement will not change despite decreases or increases in the market price of the Common Shares. Many of the factors that affect the market price of the Common Shares are beyond the control of Chemesis. These factors include fluctuations in commodity prices, fluctuations in currency exchange rates, changes in the regulatory environment, adverse political developments, prevailing conditions in the capital markets and interest rate fluctuations.
3. There is no assurance that the Arrangement will be completed or that, if completed, the IMC Common Shares will be listed and posted for trading on the Exchange.

4. There is no assurance that the Arrangement can be completed as proposed or without Shareholders exercising their dissent rights in respect of a substantial number of Common Shares.
5. There is no assurance that the businesses of Chemesis or IMC, after completing the Arrangement, will be successful.
6. While Chemesis believes that the IMC Common Shares to be issued to Shareholders pursuant to the Arrangement will not be subject to any resale restrictions save securities held by control persons and save for any restrictions flowing from current restrictions associated with a Shareholder's Common Shares, there is no assurance that this is the case and each Shareholder is urged to obtain appropriate legal advice regarding applicable securities legislation.
7. The transactions may give rise to significant adverse tax consequences to Shareholders and each such Shareholder is urged to consult his own tax advisor.
8. There is no assurance that the number of IMC Common Shares to be issued to Shareholders accurately reflects the value of the Bullard Pass Property.
9. Certain costs related to the Arrangement, such as legal and accounting fees, must be paid by Chemesis and IMC even if the Arrangement is not completed.
10. If the Arrangement Resolution is not approved by the Shareholders or, even if the Arrangement Resolution is approved, as a result of the Bullard Pass Property being transferred to IMC, an entity separate from Chemesis, the market price of the Common Shares may decline to the extent that the current market price of the Common Shares reflects a market assumption that the Plan of Arrangement will be completed or to the extent the current market price of the Common Shares reflects the value associated with the Bullard Pass Property, as applicable.

Effects of the Arrangement on Shareholders' Rights

As a result of the Arrangement, Shareholders will continue to be shareholders of Chemesis and will also be shareholders of IMC. Shareholders of Chemesis and IMC will have the same rights accorded to them as Shareholders of each respective entity, as both Chemesis and IMC are governed by the BCBCA.

Procedure for Receipt of IMC Common Shares

The following information is a summary only. For full details of procedures for the delivery of the direct registration system ("DRS") statements ("DRS Statements") see Article 3 "Certificates and Fractional Shares" of the Plan of Arrangement appended as Schedule "D" to this Circular.

As soon as practicable following the Effective Date, IMC will forward or cause to be forwarded by the Transfer Agent or otherwise, by registered mail (postage prepaid) or hand delivery to Shareholders as of the Effective Date at the address specified in the register of Shareholders, DRS Statements representing the number of IMC Common Shares to be delivered to such Shareholders under the Arrangement.

DRS is a system that will allow registered Shareholders to hold their IMC Common Shares in "book-entry" form without having a physical share certificate issued as evidence of ownership. Instead, IMC Common Shares will be held in the name of registered Shareholders and registered electronically in IMC's records, which will be maintained by its transfer agent and registrar, AST Trust Company (Canada). The first time IMC Common Shares are recorded under DRS (upon completion of the Arrangement), registered Shareholders will receive an initial DRS Statement acknowledging the number of IMC Common Shares held in their DRS account. Anytime that there is movement of IMC Common Shares into or out of a registered Shareholder's DRS account, an updated DRS Statement will be mailed. Registered Shareholders may request a statement at any time by contacting the Transfer Agent. There is no fee to participate in DRS and dividends, if any, will not be affected by DRS.

You will receive the DRS Statement in lieu of physical share certificates evidencing the IMC Common Shares that you are entitled to following completion of the Arrangement. Instructions will be provided upon receipt of the DRS Statements representing IMC Common Shares for registered holders of Common Shares that would like to request a physical IMC Common Share certificate. Only registered holders of Common Shares will receive a DRS Statement representing IMC Common Shares.

Chemesis has established the date of the Arrangement Agreement, being November 29, 2018 (or such other date as the Board may determine), as the record date for the purpose of determining: (i) the Shareholders entitled to receive IMC Common Shares under the Arrangement; (ii) the Chemesis Optionholders entitled to receive Chemesis Replacement Options and IMC Options under the Arrangement; (iii) and the Chemesis Warrantholders entitled to

receive Chemesis Replacement Warrants and IMC Warrants (the “**Distribution Record Date**”). The payout date for the IMC Common Shares to be distributed to Shareholders pursuant to the Arrangement will be as soon as practicable following the Effective Date.

Pursuant to the Option Plan, the Board has determined that the Chemesis Options outstanding as at the Distribution Record Date will be subject to the Plan of Arrangement. Pursuant to the Arrangement each outstanding Chemesis Option will be deemed to be exchanged for a fully-vested Chemesis Replacement Option and one-twentieth of one fully-vested IMC Option, and the exercise prices for the Chemesis Replacement Options and the IMC Options will be adjusted to reflect the relative value of the shares. Chemesis will send notice to each Chemesis Optionholder which will set out the entitlement to such options and the procedure for exercise.

The Board has determined that the Chemesis Warrants outstanding as at the Distribution Record Date will be subject to the Plan of Arrangement. Pursuant to the Arrangement each outstanding Chemesis Warrant will be deemed to be exchanged for a fully-vested Chemesis Replacement Warrant and one-twentieth of one fully-vested IMC Warrant, and the exercise prices for the Chemesis Replacement Warrants and the IMC Warrants will be adjusted to reflect the relative value of the shares. Chemesis will send notice to each Chemesis Warrant holder which will set out the entitlement to such options and the procedure for exercise.

Effective date of the Arrangement

If: (1) the Arrangement Resolution is approved by Special Resolution of the Shareholders, (2) the Final Order of the Court is obtained approving the Arrangement; (3) every requirement of the BCBCA relating to the Arrangement has been complied with; and (4) all other conditions disclosed under “Arrangement Agreement – Conditions to the Arrangement Becoming Effective” are met or waived, the Arrangement will become effective on the Effective Date.

The full particulars of the Arrangement are contained in the Plan of Arrangement appended as Schedule “D” to this Circular. See also “Arrangement Agreement” below.

Notwithstanding receipt of the above approvals, Chemesis may abandon the Arrangement without further approval from the Shareholders.

CONDUCT OF MEETING AND OTHER APPROVALS

Shareholder Approval of the Arrangement

The Arrangement Resolution must be approved, with or without variation, by not less than two-thirds of the votes cast at the Meeting in person or by proxy by Shareholders, voting as a single class.

Court Approval of the Arrangement

Under the BCBCA, Chemesis is required to obtain the approval of the Court to the calling and holding of the Meeting and to the Arrangement. On December 7, 2018, prior to mailing the material in respect of the Meeting, Chemesis obtained an Interim Order providing for the calling and holding of the Meeting and other procedural matters. A copy of the Interim Order and the Notice of Hearing of Petition for Final Order are appended as Schedule “E”, respectively, to this Circular. As set out in the Notice of Hearing of Petition for Final Order, the Court hearing in respect of the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on January 14, 2019, following the Meeting or as soon thereafter as the Court may direct or counsel for Chemesis may be heard, at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, subject to the approval of the Arrangement Resolution at the Meeting. **Chemesis Securityholders who wish to participate in or be represented at the Court hearing should consult with their legal advisors as to the necessary requirements.**

At the Court hearing, any Chemesis Securityholders who wish to participate or to be represented or to present evidence or argument may do so, subject to the rules of the Court. Although the authority of the Court is very broad under the BCBCA, the Court will consider, among other things, the procedural and substantive fairness and reasonableness of the terms and conditions of the Arrangement and the rights and interests of every person affected. The Court may approve the Arrangement as proposed or as amended in any manner as the Court may direct. The Court’s approval is required for the Arrangement to become effective. In addition, it is a condition of the Arrangement that the Court will have determined, prior to approving the Final Order that the terms and conditions of the issuance of securities comprising the Arrangement are procedurally and substantively fair to the Chemesis Securityholders.

Under the terms of the Interim Order, each Chemesis Securityholder will receive proper notice that they will have the right to appear and make representations at the application for the Final Order. Any person desiring to appear at the hearing to be held by the Court to approve the Arrangement pursuant to the Notice of Hearing of Petition for Final Order is required to file with the Court and serve upon Chemesis, at the address set out below, prior to 4:00

p.m. (Vancouver time) on January 11, 2019, a notice of his intention to appear (“**Appearance Notice**”), including his address for service, together with any evidence or materials which are to be presented to the Court. The Appearance Notice and supporting materials must be delivered,

Cassels Brock & Blackwell LLP
Suite 2200, HSBC Building
885 West Georgia Street
Vancouver, BC V6C 3E8

Attention: Jessica Lewis

Regulatory Approvals

If the Arrangement Resolution is approved by the requisite two-thirds of the Shareholders voting together as a single class, final regulatory approval must be obtained for all the transactions contemplated by the Arrangement before the Arrangement may proceed.

The Common Shares are currently listed and posted for trading on the Exchange. Chemosis is a reporting issuer in the provinces of British Columbia, Alberta and Ontario. Upon completion of the Arrangement, IMC will be a reporting issuer in the provinces of British Columbia, Alberta and Ontario and intends to seek a listing of the IMC Common Shares on the Exchange. IMC will make an application to list the IMC Common Shares on the Exchange. Any listing will be subject to the approval of the Exchange, and to the satisfaction of the applicable listing requirements of the Exchange.

Shareholders should be aware that certain of the foregoing approvals have not yet been received from the regulatory authorities referred to above. There is no assurance that such approvals will be obtained, or that the IMC Common Shares will be listed for trading on any stock exchange.

ARRANGEMENT AGREEMENT

The Arrangement will be carried out pursuant to the provisions of the BCBCA and will be effected in accordance with the Arrangement Agreement, the Interim Order and the Final Order. The steps of the Arrangement, as set out in the Arrangement Agreement, are summarized under “Particulars of Matters to be Acted Upon – The Arrangement – Principal Steps of the Arrangement” herein.

The general description of the Arrangement Agreement which follows is qualified in its entirety by reference to the full text of the Arrangement Agreement, a copy of which is available for review by Shareholders, at the head office of Chemosis as shown on the Notice of Meeting, during normal business hours prior to the Meeting and under Chemosis’ profile on SEDAR at www.sedar.com.

General

On November 29, 2018, Chemosis and IMC entered into the Arrangement Agreement which includes the Plan of Arrangement. The Plan of Arrangement is reproduced as Schedule “D” to this Circular. Pursuant to the Arrangement Agreement, Chemosis and IMC agree to effect the Arrangement pursuant to the provisions of Section 291 of the BCBCA on the terms and subject to the conditions contained in the Arrangement Agreement.

In the Arrangement Agreement, Chemosis and IMC provide representations and warranties to one another regarding certain customary commercial matters, including corporate, legal and other matters, relating to their respective affairs.

Under the Arrangement Agreement, Chemosis will call the Meeting for the purpose of, among other matters, the Shareholders approving the Arrangement Resolution, and that, if the approval of the Shareholders of the Arrangement Resolution as set forth in the Interim Order is obtained by Chemosis, as soon as reasonably practicable thereafter, Chemosis will take the necessary steps to submit the Arrangement to the Court and apply for the Final Order.

Conditions to the Arrangement becoming Effective

The respective obligations of Chemosis and IMC to complete the transactions contemplated by the Arrangement Agreement are subject to the satisfaction, on or before the Effective Date, of a number of conditions precedent, certain of which may only be waived in accordance with the Arrangement Agreement.

The mutual conditions precedent, among others, are as follows:

- (a) the Interim Order shall have been granted in form and substance satisfactory to Chemesis;
- (b) the Arrangement Resolution, with or without amendment, shall have been approved at the Meeting, in accordance with the Interim Order;
- (c) the Court shall have determined that the terms and conditions of the Arrangement are procedurally and substantively fair to the Shareholders and the Final Order shall have been granted in form and substance satisfactory to Chemesis, and shall not have been set aside or modified in a manner unacceptable to Chemesis, on appeal or otherwise;
- (d) the securities to be issued in the United States pursuant to the Arrangement shall be issued in accordance with and exempt from the registration requirements under applicable exemptions from registration under the U.S. Securities Act;
- (e) all governmental, court, regulatory, third party and other approvals, consents, expiry of waiting periods, waivers, permits, exemptions, orders and agreements and all amendments and modifications to, and terminations of, agreements, indentures and arrangements considered by Chemesis to be necessary or desirable for the Arrangement to become effective shall have been obtained or received on terms that are satisfactory to Chemesis;
- (f) no action will have been instituted and be continuing on the Effective Date for an injunction to restrain, a declaratory judgment in respect of, or damages on account of or relating to the Arrangement and there will not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by the Arrangement Agreement and no cease trading or similar order with respect to any securities of any of the parties will have been issued and remain outstanding;
- (g) none of the consents, orders, rulings, approvals or assurances required for the implementation of the Arrangement will contain terms or conditions or require undertakings or security deemed unsatisfactory or unacceptable by Chemesis;
- (h) no law, regulation or policy will have been proposed, enacted, promulgated or applied that interferes or is inconsistent with the completion of the Arrangement; and
- (i) the Arrangement Agreement shall not have been terminated, unless such condition has been waived by either of the parties thereto.

The obligations of each of Chemesis and IMC to complete the Arrangement are subject to the further condition that the covenants of the other party shall have been duly performed.

Amendment

Subject to any restrictions under the BCBCA or in the Final Order, the Arrangement Agreement (including the schedules appended thereto) may, at any time and from time to time before or after the holding of the Meeting, but not later than the Effective Date, be amended by written agreement of the parties thereto without, subject to applicable law, further notice to, or authorization on the part of, the Shareholders. Without limiting the generality of the foregoing, any such amendment may:

- (a) change the time for performance of any of the obligations or acts of the parties;
- (b) waive any inaccuracies or modify any representation contained in the Arrangement Agreement or in any document to be delivered pursuant to the Arrangement Agreement;
- (c) waive compliance with or modify any of the covenants contained in the Arrangement Agreement or waive or modify performance of any of the obligations of the parties; or
- (d) make such alterations in the Arrangement Agreement (including the Plan of Arrangement) as the parties may consider necessary or desirable in connection with the Interim Order or the Final Order.

Notwithstanding the foregoing, certain terms of the Arrangement and the Arrangement Agreement, including required Court, regulatory and Shareholder approval shall not be amended in any material respect without obtaining any required approval of the Shareholder in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

Termination

The Arrangement Agreement may, at any time before or after the holding of the Meeting but prior to the Effective Date, be unilaterally terminated by Chemesis without further notice to, or action on the part of, the Shareholders for whatever reason Chemesis may consider appropriate. This Agreement will terminate without any further action by the parties if the Effective Date has not occurred on or before February 28, 2019 or such later date as Chemesis may determine.

Upon the termination the Arrangement Agreement pursuant to its terms, neither party shall have any liability or further obligation to the other party.

SHAREHOLDERS' RIGHTS OF DISSENT TO THE ARRANGEMENT

As indicated in the Notice of Meeting, any registered Shareholder is entitled to be paid the fair value of such holder's Common Shares in accordance with Section 238 of the BCBCA if such holder dissents to the Arrangement and the Arrangement becomes effective.

In accordance with Section 5.3 of the Plan of Arrangement, in addition to any other restrictions in the BCBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Chemesis Optionholders; (ii) Chemesis Warranholders; and (iii) Shareholders who vote in favour of the Arrangement Resolution.

A registered Shareholder is not entitled to dissent with respect to such holder's Common Shares if such holder votes any of their Common Shares in favour of the Arrangement Resolution. For greater certainty, a Proxy submitted by a registered Shareholder that does not contain voting instructions will, unless revoked, be voted in favour of the Arrangement. A brief summary of the provisions of Sections 237 to 247 of the BCBCA is set out below. Such summary is not a comprehensive statement of the procedures to be followed by a Dissenting Shareholder who seeks payment of the fair value of its Common Shares and is qualified in its entirety by reference to the full text of Sections 237 to 247 of the BCBCA (which is attached to this Circular as Schedule "F") as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order.

The statutory provisions dealing with the right of dissent are technical and complex. Any Dissenting Shareholders should seek independent legal advice, as failure to comply strictly with the provisions of Sections 237 to 247 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of all Dissent Rights.

The Interim Order expressly provides registered Shareholders with the right to dissent with respect to the Arrangement Resolution. Each Dissenting Shareholder is entitled to be paid the fair value (determined as of the close of business on the day before the Effective Date) of all, but not less than all, of the holder's Common Shares, provided that the holder duly dissents to the Arrangement Resolution and the Arrangement becomes effective.

In many cases, Common Shares beneficially owned by a holder are registered either (a) in the name of an intermediary that the non-registered Shareholder deals with in respect of such shares, such as, among others, banks, trust companies, securities brokers, trustees and other similar entities, or (b) in the name of a depository, such as CDS & Co., of which the intermediary is a participant. Accordingly, a non-registered Shareholder will not be entitled to exercise his, her or its rights of dissent directly (unless the Common Shares are reregistered in the non-registered Shareholder's name).

With respect to Common Shares in connection to the Arrangement, pursuant to the Interim Order, a registered Shareholder as of the Distribution Record Date, other than an affiliate of Chemesis, may exercise rights of dissent under Sections 237 to 247 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order; provided that, notwithstanding section 242(2) of the BCBCA, the written objection to the Arrangement Resolution must be sent to Chemesis c/o Cassels Brock & Blackwell LLP, Suite 2200, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3E8, Attention: Samantha Prest, by not later than 5:00 p.m. (Vancouver time) on January 7, 2019 or on the date which is two Business Days prior to any adjournment or postponement of the Meeting.

To exercise Dissent Rights, a Shareholder must dissent with respect to all Common Shares of which it is the registered and beneficial owner. A registered Shareholder who wishes to dissent must deliver written notice of dissent (a "**Notice of Dissent**") to Chemesis and such Notice of Dissent must strictly comply with the requirements

of Section 242 of the BCBCA. **Any failure by an Shareholder to fully comply with the provisions of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order, may result in the loss of that holder's Dissent Rights.** Non-registered Shareholders who wish to exercise Dissent Rights must cause each registered Shareholder holding their Common Shares to deliver the Notice of Dissent, or, alternatively, make arrangements to become a registered Shareholder.

To exercise Dissent Rights, a registered Shareholder must prepare a separate Notice of Dissent for himself, herself or itself, if dissenting on his, her or its own behalf, and for each other non-registered Shareholders who beneficially owns Common Shares registered in the Shareholder's name and on whose behalf the Shareholder is dissenting; and must dissent with respect to all of the Common Shares registered in his, her or its name or if dissenting on behalf of a non-registered Shareholder, with respect to all of the Common Shares registered in his, her or its name and beneficially owned by the non-registered Shareholder on whose behalf the Shareholder is dissenting. The Notice of Dissent must set out the number of Common Shares in respect of which the Dissent Rights are being exercised (the "Notice Shares") and: (a) if such Common Shares constitute all of the Common Shares of which the Shareholder is the registered and beneficial owner and the Shareholder owns no other Common Shares beneficially, a statement to that effect; (b) if such Common Shares constitute all of the Common Shares of which the Shareholder is both the registered and beneficial owner, but the Shareholder owns additional Common Shares beneficially, a statement to that effect and the names of the registered Shareholders, the number of Common Shares held by each such registered Shareholder and a statement that written notices of dissent are being or have been sent with respect to such other Common Shares; or (c) if the Dissent Rights are being exercised by a registered Shareholder who is not the beneficial owner of such Common Shares, a statement to that effect and the name of the non-registered Shareholder and a statement that the registered Shareholder is dissenting with respect to all Common Shares of the non-registered Shareholder registered in such registered holder's name.

If the Arrangement Resolution is approved by Shareholders, and Chemesis notifies a registered holder of Notice Shares of Chemesis' intention to act upon the Arrangement Resolution pursuant to Section 243 of the BCBCA, then in order to exercise Dissent Rights, such Shareholder must, within one month after Chemesis gives such notice, send to Chemesis a written notice that such holder requires the purchase of all of the Notice Shares in respect of which such holder has given Notice of Dissent. Such written notice must be accompanied by the certificate or certificates or DRS Statement representing those Notice Shares (including a written statement prepared in accordance with section 244(1)(c) of the BCBCA if the dissent is being exercised by the Shareholder on behalf of a non-registered Shareholder), whereupon, subject to the provisions of the BCBCA relating to the termination of Dissent Rights, the Shareholder becomes a Dissenting Shareholder, and is bound to sell and Chemesis is bound to purchase those Common Shares. Such Dissenting Shareholder may not vote, or exercise or assert any rights of a Shareholder in respect of such Notice Shares, other than the rights set forth in Sections 237 to 247 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order.

If a Dissenting Shareholder is ultimately entitled to be paid for their Dissent Shares, then such Dissenting Shareholder may enter into an agreement with Chemesis for the fair value of such Dissent Shares. If such Dissenting Shareholder does not reach an agreement with Chemesis, then such Dissenting Shareholder, or Chemesis, may apply to the Court, and the Court may determine the payout value of the Dissent Shares and make consequential orders and give directions as the Court considers appropriate. There is no obligation on Chemesis to make an application to the Court. The Dissenting Shareholder will be entitled to receive the fair value that the Common Shares had as of the close of business on the day before the Effective Date. After a determination of the fair value of the Dissent Shares, Chemesis must then promptly pay that amount to the Dissenting Shareholder.

In no case will Chemesis, IMC, the Transfer Agent or any other person be required to recognize Dissenting Shareholders as Shareholders after the Effective Time, and the names of such Dissenting Shareholders will be deleted from the central securities register as Shareholders at the Effective Time.

In no circumstances will Chemesis, IMC, or any other person be required to recognize a person as a Dissenting Shareholder: (a) unless such person is the holder of the Common Shares in respect of which Dissent Rights are purported to be exercised immediately prior to the Effective Time; (b) if such person has voted or instructed a proxy holder to vote such Notice Shares in favour of the Arrangement Resolution; or (c) unless such person has strictly complied with the procedures for exercising Dissent Rights set out in Division 2 of Part 8 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order and does not withdraw such Notice of Dissent prior to the Effective Time. Holders of Chemesis Options and/or Chemesis Warrants will not be entitled to exercise Dissent Rights in respect of either Chemesis Options or Chemesis Warrants.

Dissent Rights with respect to Notice Shares will terminate and cease to apply to the Dissenting Shareholder if, before full payment is made for the Notice Shares, the Arrangement in respect of which the Notice of Dissent was sent is abandoned or by its terms will not proceed, a court permanently enjoins or sets aside the corporate action

approved by the Arrangement Resolution, or the Dissenting Shareholder withdraws the Notice of Dissent with Chemesis' written consent. If any of these events occur, Chemesis must return the share certificate(s) or DRS Statement representing the Common Shares to the Dissenting Shareholder, the Dissenting Shareholder regains the ability to vote and exercise its rights as a Shareholder and the Dissenting Shareholder must return any money paid to the Dissenting Shareholder in respect of the Notice Shares.

The discussion above is only a summary of the Dissent Rights, which are technical and complex. A Shareholder who intends to exercise Dissent Rights must strictly adhere to the procedures established in sections 237 to 247 of the BCBCA, as modified and supplemented by the Plan of Arrangement, the Interim Order and the Final Order, and failure to do so may result in the loss of all Dissent Rights.

Persons who have their Common Shares registered in the name of an intermediary, or in some other name, who wish to exercise Dissent Rights should be aware that only the registered owner of such Common Shares is entitled to dissent.

If you dissent, then there can be no assurance that the amount you receive as fair value for your Common Shares will be more than or equal to the consideration under the Arrangement.

Each Shareholder wishing to avail himself, herself or itself of the Dissent Rights should carefully consider and comply with the provisions of the Interim Order and sections 237 to 247 of the BCBCA, which are attached to this Circular as Schedules "E" and "F", respectively, and seek his, her or its own legal advice.

CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

The tax consequences of the Arrangement may vary depending upon the particular circumstances of each Shareholder and other factors. Accordingly, Shareholders are urged to consult their own tax advisors to determine the particular tax consequences to them of the Arrangement.

The following is a summary of the principal Canadian federal income tax considerations under the Tax Act relating to the Arrangement applicable to a beneficial owner of Common Shares who, for the purposes of the Tax Act: (i) holds Common Shares, and will hold IMC Common Shares acquired on the Arrangement, as capital property; (ii) deals at arm's length with Chemesis and IMC; and (iii) is not "affiliated" with Chemesis or IMC for the purposes of the Tax Act (a "**Holder**").

Common Shares and IMC Common Shares will generally be considered to be capital property to a Holder unless such securities are held by the Holder in the course of carrying on a business of buying and selling securities, or were acquired in one or more transactions considered to be an adventure or concern in the nature of trade.

This summary is based upon the current provisions of the Tax Act and counsel's understanding of the current administrative practices and assessing policies of the Canada Revenue Agency (the "**CRA**"). This summary also takes into account all specific proposals to amend the Tax Act (the "**Proposed Amendments**") announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof and assumes that all Proposed Amendments will be enacted in the form proposed. There can be no assurance that the Proposed Amendments will be enacted in the form proposed or at all. Except for the Proposed Amendments, this summary does not take into account or anticipate any changes in law, whether by legislative, governmental or judicial action or decision, nor does it take into account other federal or any provincial, territorial or foreign income tax considerations, which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary is not applicable to a Holder: (i) that is a "financial institution" as defined in the Tax Act for the purposes of the "mark-to-market property" rules contained in the Tax Act; (ii) that is a "specified financial institution" or "restricted financial institution" as defined in the Tax Act (iii) who has acquired Common Shares on the exercise of an Chemesis Option; (iv) an interest in which is, or whose Common Shares are, a "tax shelter investment" as defined in the Tax Act; (v) to who has made a "functional currency" reporting election under section 261 of the Tax Act apply; or (vi) that has entered, or will enter, into a "derivative forward agreement", as defined in the Tax Act, with respect to the Common Shares or IMC Common Shares. Such Holders should consult their own tax advisors.

THIS SUMMARY IS OF A GENERAL NATURE ONLY AND IS NOT, AND IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR HOLDER AND NO REPRESENTATIONS WITH RESPECT TO THE TAX CONSEQUENCES TO ANY PARTICULAR HOLDER ARE MADE. THIS SUMMARY IS NOT EXHAUSTIVE OF ALL CANADIAN FEDERAL INCOME TAX CONSIDERATIONS. ACCORDINGLY, HOLDERS SHOULD CONSULT

THEIR OWN TAX ADVISORS HAVING REGARD TO THEIR OWN PARTICULAR CIRCUMSTANCES.

Holders Resident in Canada

The following portion of this summary applies to a Holder who, at all relevant times is or is deemed to be resident in Canada for purposes of the Tax Act (a “**Resident Holder**”).

Certain Resident Holders whose Common Shares or IMC Common Shares might not otherwise be capital property may, in certain circumstances, be entitled to make an irrevocable election under subsection 39(4) of the Tax Act to have such shares, and every other “Canadian security” as defined in the Tax Act owned by such Holder in the taxation year in which the election is made and in all subsequent taxation years, deemed to be capital property. **Any Resident Holder contemplating making a subsection 39(4) election should consult their tax advisor for advice as to whether the election is available or advisable in their particular circumstances.**

Deemed Dividend

Chemesis has informed counsel that the aggregate fair market value of the IMC Common Shares to be distributed by Chemesis is not expected to exceed the “paid-up capital”, as defined in the Tax Act, of the Common Shares immediately before Effective Date. Accordingly, Resident Holders are not expected to be deemed to receive a dividend with respect to the distribution of the IMC Common Shares. Rather, such distribution will reduce a Resident Holder’s adjusted cost base of its Common Shares by the fair market value of the IMC Common Shares distributed (determined at the time of distribution). The paid-up capital of such Common Shares will also be reduced by such amount.

CHEMESIS HAS PERFORMED A VALUATION OF THE IMC COMMON SHARES WHICH WILL BE USED FOR THE PURPOSE OF DETERMINING THE CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE EXCHANGE. COUNSEL IS NOT QUALIFIED TO COMMENT ON THE ACCURACY OR REASONABLENESS OF THE VALUATION.

In the event that the fair market value of all IMC Common Shares (determined at the time of distribution) exceeds the paid-up capital of the Common Shares, the Resident Holders will be deemed to receive a dividend on such Common Shares equal to the amount of such excess.

Dividends on Common Shares and IMC Common Shares

A Resident Holder who is an individual and who is deemed to receive a dividend on its Common Shares or who receives a dividend paid on its IMC Common Shares will be required to include in income such dividend, and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit applicable to any dividends designated by Chemesis or IMC, as the case may be, as “eligible dividends”, as defined in the Tax Act.

A Resident Holder that is a corporation will be required to include in income any dividend received or deemed to be received on its Common Shares or paid on its IMC Common Shares, and generally will be entitled to deduct an equivalent amount in computing its taxable income. A “private corporation” as defined in the Tax Act or a “subject corporation” as defined in the Tax Act may be liable under Part IV of the Tax Act to pay a refundable tax of 38½% on any dividend that it receives or is deemed to receive on its Common Shares or IMC Common Shares to the extent that the dividend is deductible in computing the corporation’s taxable income.

Disposition of IMC Common Shares

A Resident Holder that disposes or is deemed to dispose of a IMC Common Share in a taxation year will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base to the Resident Holder of such share, determined immediately before the disposition, and any reasonable costs of disposition. The Resident Holder will be required to include any resulting taxable capital gain in income, or be entitled to deduct any resulting allowable capital loss, in accordance with the usual rules applicable to capital gains and capital losses. See “Holders Resident in Canada — Taxation of Capital Gains and Capital Losses”.

Taxation of Capital Gains and Capital Losses

Generally, a Resident Holder will be required to include in computing its income for a taxation year one-half of the amount of any capital gain (a “**taxable capital gain**”) realized by it in that year. A Resident Holder will generally be required to deduct one-half of the amount of any capital loss (an “**allowable capital loss**”) realized in a taxation year from taxable capital gains realized by the Resident Holder in that year. Allowable capital losses in excess of

taxable capital gains for a taxation year may be carried back to any of the three preceding taxation years or carried forward to any subsequent taxation year and deducted against net taxable capital gains realized in such years, subject to the detailed rules contained in the Tax Act.

A capital loss realized on the disposition of a IMC Common Share by a Resident Holder that is a corporation may, to the extent and under the circumstances specified by the Tax Act, be reduced by the amount of dividends received or deemed to have been received by the corporation on such shares (or on a share for which such share is substituted or exchanged). Similar rules may apply where shares are owned by a partnership or trust of which a corporation, trust or partnership is a member or beneficiary. **Resident Holders to whom these rules may be relevant should consult their own advisors.**

Alternative Minimum Tax on Resident Holders who are Individuals

A capital gain realized, or a dividend received, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability for alternative minimum tax under the Tax Act.

Additional Refundable Tax on Canadian-Controlled Private Corporations

A Resident Holder that is a “Canadian-controlled private corporation” as defined in the Tax Act may be required to pay an additional 10% refundable tax on certain investment income, including certain amounts in respect of net taxable capital gains, dividends or deemed dividends and interest.

Eligibility for Investment

The IMC Common Shares, if issued on the date hereof, would be qualified investments under the Tax Act and the regulations thereunder for trusts governed by registered retirement savings plans, registered retirement income funds, registered education savings plans, registered disability savings plans and tax-free savings accounts (collectively, “**Registered Plans**”) and deferred profit sharing plans (“**DPSPs**”), (all as defined in the Tax Act), provided that the Offered Shares are listed on a “designated stock exchange” as defined in the Tax Act (which includes the Exchange) or IMC is a “public corporation”, as defined in the Tax Act. Persons who intend to hold their IMC Common Shares in a Registered Plan or DPSP should consult with their own tax advisors regarding the tax consequences in their particular circumstances.

Notwithstanding that the IMC Common Shares may be a qualified investment for a Registered Plan, if an IMC Common Shares are a “prohibited investment” within the meaning of the Tax Act for the Registered Plan, the annuitant, holder or subscriber, as the case may be (the “Controlling Individual”), of the Registered Plan, will be subject to a penalty tax under the Tax Act. The IMC Common Shares generally will not be a prohibited investment for a Registered Plan provided the Controlling Individual of the Registered Plan: (i) deals at arm’s length with IMC for the purposes of the Tax Act; and (ii) does not have a “significant interest” (as defined in the Tax Act for purposes of the prohibited investment rules) in IMC. The IMC Common Shares will not be a prohibited investment if such shares are “excluded property” (as defined in the Tax Act for purposes of the prohibited investment rules) for the Registered Plan. Persons who intend to hold IMC Common Shares in a Registered Plan should consult their own tax advisors in regard to the application of these rules in their particular circumstances.

Dissenting Resident Holders

A Resident Holder who dissents in respect of the Arrangement (a “**Resident Dissenter**”) and who is entitled to receive payment from Chemesis equal to the fair value of the Resident Dissenter’s Common Shares will be considered to have disposed of the Common Shares for proceeds of disposition equal to the amount received by the Resident Dissenter, less the amount of any interest awarded by a court, as the case may be. A Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares, and such deemed dividend will reduce the proceeds of disposition for purposes of computing any capital gain (or a capital loss) on the disposition of such Common Shares. The tax treatment accorded to any deemed dividend is discussed above under the heading, “Holders Resident in Canada – Dividends on Common Shares and IMC Common Shares”.

A Resident Dissenter will also realize a capital gain (or a capital loss) to the extent that the proceeds of disposition of such Common Shares, as reduced by the amount of any deemed dividend as discussed above, exceed (or are less than) the adjusted cost base of such shares immediately before the disposition and any reasonable costs of disposition. The tax treatment of capital gains and capital losses (including the potential reduction of a capital loss due to the receipt of a deemed dividend) is discussed above under the heading, “Holders Resident in Canada – Taxation of Capital Gains and Capital Losses”.

Interest awarded by a court to a Resident Dissenter will be included in the Resident Dissenter's income for a particular taxation year to the extent the amount is received or receivable in that year, depending upon the method regularly followed by the Resident Dissenter in computing income. Where the Resident Dissenter is a corporation, partnership or, subject to certain exceptions, a trust, the Resident Dissenter must include in income for a taxation year the amount of interest that accrues to it before the end of the taxation year, or becomes receivable or is received before the end of the year (to the extent not included in income for a preceding taxation year). **Resident Dissenters who are contemplating exercising their dissent rights should consult their own tax advisors.**

Holders Not Resident in Canada

The following portion of the summary applies to a Holder who, for the purposes of the Tax Act: (i) at all relevant times is not and is not deemed to be resident in Canada; and (ii) does not and will not use or hold, and is not and will not be deemed to use or hold, Common Shares or IMC Common Shares in connection with carrying on a business in Canada (a "**Non-Resident Holder**"). This portion of the summary is not applicable to a Non-Resident Holder that is: (i) an insurer carrying on an insurance business in Canada and elsewhere; (ii) a "financial institution" as defined in the Tax Act; or (iii) an "authorized foreign bank" as defined in the Tax Act.

Dividends on Common Shares and IMC Common Shares

Dividends paid or credited, or deemed to be paid or credited, on Common Shares or IMC Common Shares to a Non-Resident Holder generally will be subject to Canadian withholding tax at a rate of 25% of the gross amount of the dividend, unless the rate is reduced under the provisions of an applicable income tax convention. The rate of withholding tax under the Canada-United States Income Tax Convention (1980) (the "**U.S. Treaty**") applicable to a Non-Resident Holder who is a resident of the United States for the purposes of the U.S. Treaty, is the beneficial owner of the dividend, is entitled to all of the benefits under the U.S. Treaty generally will be 15% (5% for a company that holds at least 10% of the voting stock of Chemesis or IMC, as the case may be). Chemesis or IMC, as the case may be, will be required to withhold the required amount of withholding tax from the dividend, and to remit it to the CRA for the account of the Non-Resident Holder.

Disposition of IMC Common Shares

A Non-Resident Holder that disposes or is deemed to dispose of a IMC Common Share in a taxation year will realize a capital gain (or a capital loss) equal to the amount by which the proceeds of disposition of the share exceed (or are less than) the aggregate of the adjusted cost base to the Non-Resident Holder of such share, determined immediately before the disposition, and any reasonable costs of disposition.

Such gain will not be subject to tax in Canada, unless the IMC Common Shares are "taxable Canadian property" to the Non-Resident Holder. The IMC Common Shares will be taxable Canadian property to a Non-Resident Holder if, at any time in the 60 month period preceding the disposition, 25% or more of the issued shares of any class of the capital stock of IMC were owned by any combination of (a) the Non-Resident Holder, (b) persons with whom the Non-Resident Holder did not deal at arm's length and (c) partnerships in which persons referred to in (a) or (b) holds a membership interest (directly or indirectly through one or more partnerships), and more than 50% of the fair market value of the IMC Common Shares was derived from, directly or indirectly, any combination of (i) real or immovable property situated in Canada, (ii) Canadian resource property, (iii) timber resource property, and (iv) options in respect or, or interest in, the property described in (i) to (iii). If the IMC Common Shares constitute taxable Canadian property, a capital gain arising on the disposition of such shares may be exempt from tax in Canada under the terms of a tax treaty between Canada and the country of residence of the Non-Resident Holder. **Such holders should consult their tax advisors about their particular circumstances.**

Dissenting Non-Resident Holders

A Non-Resident Holder who dissents in respect of the Arrangement (a "**Non-Resident Dissenter**") will be entitled to receive a payment from Chemesis equal the fair value of such Non-Resident Dissenter's Common Shares and will be considered to have disposed of such shares for proceeds of disposition equal to the amount received by the Non-Resident Dissenter, less the amount of any interest awarded by a court (if applicable). A Non-Resident Dissenter generally will be deemed to have received a dividend equal to the amount by which such proceeds exceed the paid-up capital of such shares and such deemed dividend will reduce the proceeds of disposition for purposes of computing any capital gain (or capital loss) on the disposition of such Common Shares. The deemed dividend will be subject to Canadian withholding tax as described above under "Holders Not Resident in Canada – IMC Common Shares – Deemed Dividend".

A Non-Resident Dissenter will also realize a capital gain to the extent that the proceeds of disposition for such shares, as reduced by the amount of any deemed dividend as discussed above, exceed the adjusted cost base of such Common Shares immediately before the disposition and any reasonable costs of disposition. A Non-Resident

Dissenter generally will not be subject to income tax under the Tax Act in respect of any such capital gain provided such shares do not constitute taxable Canadian property of the Non-Resident Dissenter, as described above under “Holders Not Resident in Canada – Disposition of IMC Common Share”.

Any interest paid to a Non-Resident Dissenter upon the exercise of dissent rights will not be subject to Canadian withholding tax.

Non-Resident Dissenter upon the exercise of dissent rights will not be subject to Canadian withholding tax.

CANADIAN SECURITIES LAWS AND RE SALE OF SECURITIES

The following is a brief summary of the securities law considerations applicable to the transactions contemplated herein.

Each Shareholder is urged to consult such holder’s professional advisors to determine the Canadian conditions and restrictions applicable to trades in the IMC Common Shares.

Chemesis is a “reporting issuer” in the provinces of British Columbia, Alberta and Ontario. The Common Shares are currently listed and posted for trading on the Exchange.

Upon completion of the Arrangement, IMC will make an application to list the IMC Common Shares on the Exchange. Any listing will be subject to the approval of the Exchange.

The issuance of the IMC Common Shares pursuant to the Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The IMC Common Shares issued to Shareholders may be resold in each of the provinces and territories of Canada provided the holder is not a ‘control person’ as defined in the applicable securities laws in each the provinces and territories of Canada, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

The issuance of the IMC Common Shares upon due exercise of IMC Options issued pursuant to the Arrangement will constitute a distribution of securities, which is exempt from the prospectus requirements of Canadian securities legislation. The IMC Common Shares issued upon due exercise of IMC Options issued pursuant to the Arrangement may be resold in each of the provinces and territories of Canada provided the holder is not a ‘control person’ as defined in the applicable securities legislation in each of the provinces and territories of Canada, no unusual effort is made to prepare the market or create a demand for those securities and no extraordinary commission or consideration is paid in respect of that sale.

OTHER MATTERS

As of the date of this information circular, management knows of no other matters to be acted upon at this Meeting. However, should any other matters properly come before the Meeting, the Common Shares represented by the proxy solicited hereby will be voted on such matters in accordance with the best judgment of the persons voting the Common Shares represented by the proxy.

AUDIT COMMITTEE DISCLOSURE

The charter of the Company’s Audit Committee and other information required to be disclosed by NI 52-110 is attached to this information circular as Schedule “A”.

CORPORATE GOVERNANCE DISCLOSURE

The information required to be disclosed by National Instrument 58-101 – *Disclosure of Corporate Governance Practices* is attached to this information circular as Schedule “B”.

ADDITIONAL INFORMATION

Additional information relating to the Company is on SEDAR at www.sedar.com. Financial information relating to the Company is provided in the Company’s comparative financial statements and MD&A for the financial years ended June 30, 2017 and 2018, which are available on SEDAR. Shareholders may contact the Company to request copies of financial statements and MD&A at its head office, Suite 2710 – 200 Granville Street, Vancouver, BC V6C 1S4.

APPROVAL OF THE DIRECTORS

The Board of Directors of the Company have approved the content and the sending of this information circular.

DATED at Vancouver, British Columbia, this 11th day of December, 2018.

BY ORDER OF THE BOARD OF DIRECTORS

CHEMESIS INTERNATIONAL INC.

“Aman Parmar”

Aman Parmar
President and Director

SCHEDULE “A”
FORM 52-110F2
AUDIT COMMITTEE DISCLOSURE

ITEM 1: THE AUDIT COMMITTEE’S CHARTER

Mandate

The primary function of the audit committee (the “**Committee**”) is to assist the Board of Directors in fulfilling its financial oversight responsibilities by reviewing the financial reports and other financial information provided by the Corporation to regulatory authorities and shareholders, the Corporation’s systems of internal controls regarding finance and accounting and the Corporation’s auditing, accounting and financial reporting processes. Consistent with this function, the Committee will encourage continuous improvement of, and should foster adherence to, the Corporation’s policies, procedures and practices at all levels. The Committee’s primary duties and responsibilities are to:

- Serve as an independent and objective party to monitor the Corporation’s financial reporting and internal control system and review the Corporation’s financial statements.
- Review and appraise the performance of the Corporation’s external auditors.
- Provide an open avenue of communication among the Corporation’s auditors, financial and senior management and the Board of Directors.

Composition

The Committee shall be comprised of three directors as determined by the Board of Directors, whom shall be free from any relationship that, in the opinion of the Board of Directors, would interfere with the exercise of his or her independent judgment as a member of the Committee.

The members of the Committee shall be elected by the Board of Directors at its first meeting following the annual shareholders’ meeting. Unless a Chair is elected by the full Board of Directors, the members of the Committee may designate a Chair by a majority vote of the full Committee membership.

Meetings

The Committee shall meet annually, or more frequently as circumstances dictate. As part of its job to foster open communication, the Committee will meet at least annually with the Chief Financial Officer and the external auditors.

Responsibilities and Duties

To fulfill its responsibilities and duties, the Committee shall:

Documents/Reports Review

- (a) Review and update this Charter annually.
- (b) Review the Corporation’s financial statements, MD & A and any reports or other financial information (including quarterly financial statements), which are submitted to any governmental body, or to the public, including any certification, report, opinion, or review rendered by the external auditors.

External Auditors

- (a) Review annually, the performance of the external auditors who shall be ultimately accountable to the Board of Directors and the Committee as representatives of the shareholders of the Corporation.
- (b) Obtain annually, a formal written statement of the external auditors setting forth all relationships between the external auditors and the Corporation, consistent with Independence Standards Board Standard 1.
- (c) Review and discuss with the external auditors any disclosed relationships or services that may impact the objectivity and independence of the external auditors.
- (d) Take, or recommend that the full Board of Directors take, appropriate action to oversee the independence of the external auditors.
- (e) Recommend to the Board of Directors the selection and, where applicable, the replacement of the external auditors nominated annually for shareholder approval.
- (f) At each meeting, consult with the external auditors, without the presence of management, about the quality of the Corporation's accounting principles, internal controls and the completeness and accuracy of the Corporation's financial statements.
- (g) Review with management and the external auditors the audit plan for the year-end financial statements and intended template for such statements.
- (h) Review and pre-approve all audit and audit related services and the fees and other compensation related thereto, and any non-audit services, provided by the Corporation's external auditors. The pre-approval requirement is waived with respect to the provision of non-audit services if:
 - (i) the aggregate amount of all such non-audit services provided to the Corporation constitutes not more than five percent of the total amount of revenues paid by the Corporation to its external auditors during the fiscal year in which the non-audit services are provided;
 - (ii) such services were not recognized by the Corporation at the time of the engagement to be non-audit services; and
 - (iii) such services are promptly brought to the attention of the Committee by the Corporation and approved prior to the completion of the audit by the Committee or by one or more members of the Committee who are members of the Board of Directors to whom authority to grant such approvals have been delegated by the Committee.

Provided the pre-approval of the non-audit services is presented to the Committee's first scheduled meeting following such approval such authority may be delegated by the Committee to one or more independent members of the Committee.

Financial Reporting Processes

- (a) In consultation with the external auditors, review with management the integrity of the Corporation's financial reporting process, both internal and external.
- (b) Consider the external auditors' judgments about the quality and appropriateness of the Corporation's accounting principles as applied in its financial reporting.
- (c) Consider and approve, if appropriate, changes to the Corporation's auditing and accounting principles and practices as suggested by the external auditors and management.
- (d) Review significant judgments made by management in the preparation of financial statements and the view of the external auditors as to the appropriateness of such judgments.

- (e) Following completion of the annual audit, review separately with management and the external auditors any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work or access to required information.
- (f) Review any significant disagreement among management and the external auditors in connection with the preparation of the financial statements.
- (g) Review with the external auditors and management the extent to which changes and improvements in financial or accounting practices have been implemented.
- (h) Review any complaints or concerns about questionable accounting, internal accounting controls or auditing matters.
- (i) Review certification process.

Other

- (a) Review any related-party transactions.

ITEM 2: COMPOSITION OF THE AUDIT COMMITTEE

The current members of the Committee are Aman Parmar, Brian Thurston and Mike Aujla. All members are considered financially literate, as those terms are used in National Instrument 52-110 (“**NI 52-110**”) of the Canadian Securities Administrators.

Pursuant to the provisions relating to independence set out in section 1.4 of NI 52-110, Brian Thurston and Mike Aujla are considered independent. The Company is relying on an exemption provided in section 6.1 of NI 52-110 from the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

ITEM 3: RELEVANT EDUCATION AND EXPERIENCE

The Instrument provides that 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 Company’s financial statements.

All of the members of the Company’s Committee are financially literate as that term is defined in the Instrument. All members have an understanding of the accounting principles used by the Issuer to prepare its financial statements and have an understanding of its internal controls and procedures for financial reporting.

Aman Parmar - Mr. Parmar’s corporate experience includes 12 years working with both public and private companies in the Health Care, Resource, Manufacturing and Real Estate sectors. Mr. Parmar has extensive experience in the capital markets and has been involved in corporate restructurings and financings for both public and private companies. He obtained a Chartered Accountant designation in 2012 and holds a Bachelor of Technology in Accounting from the British Columbia Institute of Technology.

Brian Thurston - Mr. Thurston is a professional geologist and holds an Honours Bachelor of Science degree in Geology from the University of Western Ontario. Mr. Thurston has over 25 years’ experience working as a geologist around the globe including North, Central and South America, Africa and India. He has experience working on projects from grass roots to feasibility level. Mr. Thurston was instrumental in the initial exploration, land acquisition and development of Aurelian Resources Ecuador grass roots exploration and held the position of Country Manager in Ecuador from 2004 to 2006. Kinross in 2008 acquired Aurelian Resources in a \$1.2B friendly deal. Mr. Thurston transitioned from geologist to corporate positions in 2004 and has founded several public companies and held positions of director and officer, as well as served on multiple committees including audit, disclosure, and corporate governance.

Mike Aujla - Mr. Aujla brings over 15 years of experience acting as a lawyer, director and officer for both public and private companies. He holds a Bachelor of Arts degree from the University of British Columbia and a Juris Doctorate from the University of Victoria. Mr. Aujla was previously a corporate lawyer who worked with top

international law firms. He has experience advising companies in financial services, corporate mergers and acquisitions, and commercial real estate in various jurisdictions.

ITEM 4: AUDIT COMMITTEE OVERSIGHT

At no time since the commencement of the Company’s most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

ITEM 5: RELIANCE ON CERTAIN EXEMPTIONS

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemptions in section 2.4 (De Minimis Non-audit Services), section 3.2 (Initial Public Offerings), section 3.4 (Events Outside Control of Member) or section 3.5 (Death, Disability or Resignation of Audit Committee Member) of NI 52-110, or an exemption from NI 52-110, in whole or in part, granted under Part 8 (Exemptions).

Since the commencement of the Company’s most recently completed financial year, the Company has not relied on the exemption in subsection 3.3(2) (Controlled Companies), section 3.6 (Temporary Exemption for Limited and Exceptional Circumstances) or the exemption in section 3.8 (Acquisition of Financial Literacy) of NI 52-110.

ITEM 6: PRE-APPROVAL POLICIES AND PROCEDURES

Formal policies and procedures for the engagement of non-audit services have yet to formulated and adopted.

ITEM 7: EXTERNAL AUDITOR SERVICE FEES (BY CATEGORY)

For the 2017 financial year-end audit, Crowe MacKay LLP (“**Crowe MacKay**”) were the Company’s auditors. On June 4, 2018, Crowe MacKay resigned at the request of the Company and D&H Group LLP (“**D&H**”) were appointed as auditors of the Company. The auditor for the 2018 financial year-end audit was D&H.

The following table sets forth the fees paid by the Company to D&H, the current auditors and Crowe MacKay, the former auditors, and for services rendered during the financial years ended June 30, 2018 and June 30, 2017:

	2018 – D&H	2017 – Crowe MacKay
Audit fees for the year ended	\$25,000	\$16,000
Audit related fees	Nil	Nil
Tax fees	Nil	Nil
All other fees (non-tax)	Nil	Nil
Total Fees:	\$25,000	\$16,000

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” includes all other non-audit services.

ITEM 8: EXEMPTION

In respect of the most recently completed financial year, the Company is relying on the exemption set out in section 6.1 of NI 52-110 with respect to compliance with the requirements of Part 3 (Composition of the Audit Committee) and Part 5 (Reporting Obligations) of NI 52-110.

**SCHEDULE “B”
CHEMESIS INTERNATIONAL INC.
CORPORATE GOVERNANCE**

Pursuant to National Instrument 58-101 – *Disclosure of Corporate Governance Practices* the Company is required to and hereby discloses its corporate governance practices as follows.

ITEM 1. BOARD OF DIRECTORS

The Board of Directors of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board.

Aman Parmar, is the President and a director of the Company and is therefore not “independent”.

Edgar Montero, is the Chief Executive Officer and a director of the Company and is therefore not “independent”.

Brian Thurston, a director of the Company, is “independent” in that he is free from any direct or indirect material relationship with the Company.

Mike Aujla, a director of the Company, is “independent” in that he is free from any direct or indirect material relationship with the Company.

A material relationship is a relationship which could, in the view of the Company’s board of directors, be reasonably expected to interfere with the exercise of a member’s independent judgment.

ITEM 2. DIRECTORSHIPS

The following current and proposed directors of the Company are currently directors of the following other reporting issuers:

Name of Director	Name of Reporting Issuer
Aman Parmar	Isodiol International Inc.
	Canadian Zeolite Corp.
Brian Thurston	Upper Canyon Minerals Corp.

ITEM 3. ORIENTATION AND CONTINUING EDUCATION

The Board of Directors of the Company does not currently have formal procedures or a program for orientation of new board members or for the continuing education of board members.

ITEM 4. ETHICAL BUSINESS CONDUCT

The Board of Directors encourages and promotes a culture of ethical business conduct through communication and supervision as part of their overall stewardship responsibility. In addition, the Board has adopted a Code of Ethics (the “Code”) to be followed by the Company’s directors, officers, consultants, advisors, contractors and employees. The purpose of the Code is to, among other things, promote honest and ethical conduct, avoid conflict of interest, protect confidential information and comply with applicable government laws and securities rules and regulations. A copy of the Code is available for review by contacting the Company during normal business hours up to and including the date of the Meeting.

In addition to the Code, the Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest are effective in ensuring that the Board operates independently of management and in the best interests of the Company.

ITEM 5. NOMINATION OF DIRECTORS

The Board of Directors is not currently taking any steps to identify new candidates for Board of Directors nomination, as the current number of directors and the composition of the Board of Directors is considered adequate for a corporation of the current size and stage of development of the Company.

ITEM 6. COMPENSATION

The Board has recently appointed a Compensation Committee. See “Statement of Executive Compensation” for additional information.

ITEM 7. OTHER BOARD COMMITTEES

The Board of Directors has no other committees than the Audit Committee, the Compensation Committee, the Disclosure Committee, and the Corporate Governance Committee.

ITEM 8. ASSESSMENTS

The Board of Directors as a whole assesses its performance, the performance of Board committees and the contribution of individual directors on an ongoing basis.

The Company allows any member of the Board of Directors to engage an outside advisor at the expense of the Company in appropriate circumstances. The engagement of an outside advisor is subject to the approval by the Board of Directors as a whole.

SCHEDULE "C"

ARRANGEMENT RESOLUTION

BE IT RESOLVED AS A SPECIAL RESOLUTION OF THE CHEMESIS SHAREHOLDERS THAT:

1. The arrangement (the "**Arrangement**") under Division 5 of Part 9 of the *Business Corporations Act (British Columbia)* (the "**BCBCA**") involving Chemesis International Inc., a corporation existing under the laws of British Columbia ("**Chemesis**"), its shareholders and IMC International Mining Corp., a corporation existing under the laws of British Columbia ("**IMC**"), all as more particularly described and set forth in the management information circular (the "**Circular**") of Chemesis dated December 11, 2018 accompanying the notice of meeting (as the Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
2. The plan of arrangement (the "**Plan of Arrangement**"), implementing the Arrangement, the full text of which is appended to the Circular (as the Plan of Arrangement may be, or may have been, modified or amended in accordance with its terms), is hereby authorized, approved and adopted.
3. The arrangement agreement (the "**Arrangement Agreement**") between Chemesis and IMC dated November 29, 2018 and all the transactions contemplated therein, the actions of the directors of Chemesis in approving the Arrangement and the actions of the directors and officers of Chemesis in executing and delivering the Arrangement Agreement and any amendments thereto are hereby ratified and approved.
4. Notwithstanding that this resolution has been passed (and the Arrangement approved) by the shareholders of Chemesis or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of Chemesis are hereby authorized and empowered, without further notice to, or approval of, the shareholders of Chemesis:
 - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
 - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any director or officer of Chemesis is hereby authorized and directed, for and on behalf of Chemesis to execute Articles of Arrangement to give effect to the Plan of Arrangement and to deliver such other documents as are necessary or desirable under the BCBCA in accordance with the Articles of Arrangement.
6. Any director or officer of Chemesis is hereby authorized and directed, for and on behalf and in the name of Chemesis, to execute and deliver, whether under the corporate seal of Chemesis or otherwise, all such deeds, instruments, assurances, agreements, forms, waivers, notices, certificates, confirmations and other documents and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement, the Articles of Arrangement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
 - (a) all actions required to be taken by or on behalf of Chemesis, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
 - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by Chemesis;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.

SCHEDULE "D"
PLAN OF ARRANGEMENT

See attached.

PLAN OF ARRANGEMENT
UNDER THE PROVISIONS OF SECTION 288
OF THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*

ARTICLE 1
INTERPRETATION

1.1 Definitions

In this Plan of Arrangement, unless there is something in the subject matter or context inconsistent therewith, the following terms shall have the respective meanings set out below and grammatical variations of such terms shall have corresponding meanings:

“Agreement” means the arrangement agreement dated as of November 29, 2018, including the Schedules attached hereto, as may be supplemented or amended from time to time;

“Arrangement” means the arrangement under section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with this Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order with the consent of Chemesis;

“Arrangement Resolution” means the special resolution of the Chemesis Shareholders and the ordinary resolution of the Chemesis Shareholders voting as a single class in respect of the Arrangement to be considered at the Meeting, the full text of which is attached as Appendix “A” hereto;

“BCBCA” means the *Business Corporations Act* (British Columbia) and the regulations made thereunder, as promulgated or amended from time to time;

“Board of Directors” means the duly appointed board of directors of the applicable company;

“Business Day” means any day other than a Saturday, Sunday or statutory holiday in the City of Vancouver, British Columbia;

“Circular” means the management information circular of Chemesis to be prepared and sent to the Chemesis Shareholders in connection with the Meeting;

“Chemesis” means Chemesis International Inc., a company incorporated pursuant to the laws of British Columbia;

“Chemesis Common Shares” means the common shares of Chemesis;

“Chemesis Option Plan” means the stock option plan of Chemesis adopted by the Board of Directors of Chemesis on March 15, 2017, as amended from time to time;

“Chemesis Options” means the outstanding options to purchase Chemesis Common Shares granted pursuant to the Chemesis Option Plan;

“Chemesis Optionholders” means the holders of Chemesis Options as at the Distribution Record Date;

“Chemesis Securityholders” means, collectively, the Chemesis Shareholders, the Chemesis Optionholders and the Chemesis Warrantholders;

“Chemesis Shareholders” means the holders of Chemesis Common Shares as at the Distribution Record Date;

“Chemesis Warrants” means the outstanding warrants to purchase Chemesis Common Shares;

“Chemesis Warrantholders” means the holders of Chemesis Warrants as at the Distribution Record Date;

“CMCA” means Canadian Mining Company of Arizona Inc., a wholly-owned subsidiary of Chemesis;

“Court” means the Supreme Court of British Columbia;

“Dissent Rights” has the meaning set forth in section 5.1 of the Plan of Arrangement;

“Dissent Shares” means Chemesis Common Shares the holders whereof have duly exercised their Dissent Rights;

“Dissenting Shareholder” means a Chemesis Shareholder who has duly exercised the Dissent Rights and is ultimately entitled to be paid for their Chemesis Common Shares;

“Distribution Record Date” means the effective date of the Arrangement Agreement;

“Effective Date” means the date agreed to by Chemesis and IMC in writing as the effective date of the Arrangement after all of the conditions precedent to the completion of the Arrangement as set out in the Arrangement Agreement have been satisfied or waived, including that the Final Order has been granted by the Court;

“Effective Time” means 12:01 a.m. (Vancouver time) on the Effective Date;

“Final Order” means the final order of the Court pursuant to section 291 of the BCBCA, after a hearing upon the fairness of the terms and conditions of the Arrangement, in a form acceptable to Chemesis approving the Arrangement as such order may be amended by the Court (with the consent of Chemesis) at any time prior to the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as

amended (provided that any such amendment is acceptable to Chemesis) on appeal, and after notice and a hearing at which all Chemesis Securityholders have the right to appear;

“Former Chemesis Optionholders” means the holders of unexercised Chemesis Options as at the Distribution Record Date;

“Former Chemesis Warrantholders” means the holders of unexercised Chemesis Warrants as at the Distribution Record Date;

“IMC” means IMC International Mining Corp., a company incorporated pursuant to the laws of British Columbia;

“IMC Common Shares” means the common shares of IMC;

“IMC Options” means the stock options of IMC that will be granted to Former Chemesis Optionholders pursuant to the Arrangement and will be exercisable for IMC Common Shares pursuant to the IMC Plan;

“IMC Plan” means the equity incentive plan of IMC to be adopted and approved in connection with the Arrangement;

“IMC Warrants” means the warrants of IMC that will be granted to Former Chemesis Warrantholders pursuant to the Arrangement and will be exercisable for IMC Common Shares;

“In the Money Amount” at a particular time with respect to a Chemesis Option, Replacement Chemesis Option, or IMC Option means the amount, if any, by which the fair market value of the relevant underlying security exceeds the exercise price of the relevant option at the particular time;

“Interim Order” means the interim order of the Court containing declarations and directions with respect to the Arrangement and the holding of the Meeting, as such order may be affirmed, amended and modified;

“Meeting” means the annual general and special meeting of Chemesis Shareholders to be held on or about January 9, 2019 and any adjournment(s) or postponement(s) thereof, to be called and held in accordance with the Interim Order to consider and to vote on the Arrangement Resolution and any other matters set out in the Notice of Meeting;

“Notice of Meeting” means the notice of the Meeting to be sent to the Chemesis Shareholders, which notice will accompany the Circular;

“Person” or **“person”** means and includes an individual, sole proprietorship, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, body corporate, trustee, executor, administrator or other legal representative and the Crown or any agency or instrumentality thereof;

“Plan of Arrangement” means this plan of arrangement and any amendments or variations thereto made in accordance with this Agreement, the Plan of Arrangement or upon the direction of the Court in the Final Order with the consent of Chemesis;

“Registrar” means the means the person appointed as the Registrar of Companies under section 400 of the BCBCA;

“Replacement Chemesis Options” means the stock options of Chemesis that will be granted to Former Chemesis Optionholders under the Arrangement and will be exercisable for Chemesis Common Shares pursuant to the Chemesis Option Plan;

“Replacement Chemesis Warrants” means the warrants of Chemesis that will be granted to Former Chemesis Warrantholders under the Arrangement and will be exercisable for Chemesis Common Shares pursuant to the Chemesis Option Plan;

“Subsidiary” means, with respect to a specified body corporate, any body corporate of which more than 50% of the outstanding shares ordinarily entitled to elect a majority of the board of directors thereof (whether or not shares of any other class or classes shall or might be entitled to vote upon the happening of any event or contingency) are at the time owned directly or indirectly by such specified body corporate and shall include any body corporate, partnership, joint venture or other entity over which such specified body corporate exercises direction or control or which is in a like relation to a subsidiary;

“Tax Act” means the *Income Tax Act* (Canada) and the regulations made thereunder, as promulgated or amended from time to time; and

“Transfer Agent” means AST Trust Company (Canada) or such other trust company or transfer agent as may be designated by Chemesis.

In addition, words and phrases used herein and defined in the BCBCA and not otherwise defined herein or in the Arrangement Agreement shall have the same meaning herein as in the BCBCA unless the context otherwise requires.

1.2 Sections and Headings

The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement. Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.

1.3 Number, Gender and Persons

In this Plan of Arrangement, unless otherwise expressly stated or the context otherwise requires, words importing the singular number shall include the plural and vice versa, and words importing gender shall include all genders.

1.4 Statutory References

Any reference in this Plan of Arrangement to a statute includes all regulations made thereunder, all amendments to such statute or regulation in force from time to time and any statute or regulation that supplements or supersedes such statute or regulation.

1.5 Currency

Unless otherwise stated all references in this Plan of Arrangement to sums of money are expressed in lawful money of Canada.

1.6 Business Day

In the event that the date on which any action is required to be taken hereunder by either of the parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.

1.7 Governing Law

This Plan of Arrangement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the federal laws of Canada applicable therein.

1.8 Binding Effect

This Plan of Arrangement will become effective at, and be binding at and after, the Effective Time on: Chemesis and all registered and beneficial Chemesis Shareholders, all Chemesis Optionholders, all Chemesis Warranholders and all Dissenting Shareholders. This Plan of Arrangement may be withdrawn prior to the occurrence of any of the events in Section 2.1 in accordance with the terms of the Arrangement Agreement.

ARTICLE 2 ARRANGEMENT

2.1 Arrangement

Commencing at the Effective Time, each of the events set out below shall occur and shall be deemed to occur in the following sequence or as otherwise provided below or herein, without any further act or formality:

- (a) Each Chemesis Common Share in respect of which a Chemesis Shareholder has exercised Dissent Rights and for which the Chemesis Shareholder is ultimately entitled to be paid fair value (each a “**Dissent Share**”) shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis to be paid the fair value of such Dissent Share in

accordance with Article 3 of this Plan of Arrangement, net of any applicable withholding tax, and such Dissent Share shall thereupon be cancelled.

- (b) Chemesis will transfer all of the issued and outstanding common shares of CMCA to IMC in exchange for 3,246,625 IMC Common Shares.
- (c) Notwithstanding the terms of the Chemesis Option Plan, including any agreement made thereunder:
 - (A) each Chemesis Option (whether vested or not) exercisable for a Chemesis Common Share that is outstanding as at the Distribution Record Date which has not been duly exercised or cancelled will be and will be deemed to be exchanged for:
 - (i) one fully-vested Replacement Chemesis Option to purchase from Chemesis one Chemesis Common Share for every Chemesis Common Share that could be purchased under the Chemesis Option. Each Replacement Chemesis Option will be governed by the terms of the Chemesis Option Plan and will have: (1) an exercise price per Chemesis Common Share (rounded up to the nearest whole cent) equal to the exercise price of each Chemesis Option so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Option for which such Replacement Chemesis Option was exchanged; and
 - (ii) one-twentieth of one fully-vested IMC Option to purchase from IMC one IMC Common Share for every Chemesis Common Share that could be purchased under the Chemesis Option. Each IMC Option will be governed by the terms of the IMC Plan and will have: (1) an exercise price per IMC Common Share (rounded up to the nearest whole cent) equal to the exercise price of each such Chemesis Option so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Option for which such IMC Option was exchanged,

provided that the exercise prices of each Replacement Chemesis Option and each IMC Option issued pursuant to the step above shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof immediately after the steps above does not exceed the In the Money Amount of the exchanged Chemesis Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

- (d) Notwithstanding the terms of any certificates representing the Chemesis Warrants, including any agreement made thereunder:
 - (A) each Chemesis Warrant (whether vested or not) exercisable for an Chemesis Common Share that is outstanding as at the Distribution

Record Date which has not been duly exercised or cancelled will be and will be deemed to be exchanged for:

- (i) one fully-vested Replacement Chemesis Warrant to purchase from Chemesis one Chemesis Common Share for every Chemesis Common Share that could be purchased under the Chemesis Warrant. Each Replacement Chemesis Warrant will have: (1) an exercise price per Chemesis Common Share (rounded up to the nearest whole cent) equal to the exercise price of each Chemesis Warrant so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Warrant for which such Replacement Chemesis Warrant was exchanged; and
- (ii) one-twentieth of one fully-vested IMC Warrant to purchase from IMC one IMC Common Share for every Chemesis Common Share that could be purchased under the Chemesis Warrant. Each IMC Warrant will have: (1) an exercise price per IMC Common Share (rounded up to the nearest whole cent) equal to the exercise price of each such Chemesis Warrant so exchanged immediately before the Effective Time; and (2) the same expiry date as the expiry date of the Chemesis Warrant for which such IMC Warrant was exchanged,

provided that the exercise prices of each Replacement Chemesis Warrant and each IMC Warrant issued pursuant to the step above shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof immediately after the steps above does not exceed the In the Money Amount of the exchanged Chemesis Warrant determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

- (e) Chemesis will distribute the IMC Shares to the holders of Chemesis Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Share for each Chemesis Common Share, held as at the Distribution Record Date, as a return of stated capital and reduction of paid-up capital for purposes of the Tax Act.

ARTICLE 3 CERTIFICATES AND FRACTIONAL SHARES

3.1 Delivery of Securities

As soon as practicable following the Effective Date, IMC will forward or cause to be forwarded by the Transfer Agent or otherwise, by registered mail (postage prepaid) or hand delivery to Chemesis Shareholders as of the Effective Date at the address specified in the register of Chemesis Shareholders, certificates representing the number

of IMC Common Shares to be delivered to such Chemesis Shareholders under the Arrangement.

3.2 Withholding Rights

Chemesis and the Transfer Agent shall be entitled to deduct and withhold from any amount otherwise payable to any Chemesis Shareholder such amounts as Chemesis or the Transfer Agent is required or permitted to deduct and withhold with respect to such payment under the Tax Act, the United States Internal Revenue Code of 1986 or any provision of any applicable federal, provincial, state, local or foreign tax law or treaty, in each case, as amended. To the extent that amounts are so withheld, such withheld amounts shall be treated for all purposes hereof as having been paid to the Chemesis Shareholder in respect of which such deduction and withholding was made, provided that such withheld amounts are actually remitted to the appropriate taxing authority.

3.3 No Fractional Shares

No fractional IMC Common Shares will be issued. In the event that a Chemesis Shareholder would otherwise be entitled to a fractional IMC Common Share hereunder, the number of IMC Common Shares issued to such Chemesis Shareholder shall, without any additional compensation, be rounded down to the next lesser whole number of IMC Common Shares. In calculating such fractional interests, all Chemesis Common Shares registered in the name of or beneficially held by such Chemesis Shareholder or their nominee shall be aggregated.

ARTICLE 4 AMENDMENTS

4.1 Right to Amend

Chemesis reserves the right to amend, modify or supplement (or do all of the foregoing) this Plan of Arrangement from time to time and at any time prior to the Effective Date provided that any such amendment, modification and/or supplement must be contained in a written document that is:

- (a) filed with the Court and, if made following the Meeting, approved by the Court; and
- (b) communicated to Chemesis Securityholders in the manner required by the Court (if so required).

4.2 Amendment Before the Meeting

Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Chemesis at any time prior to or at the Meeting, with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.

4.3 Amendment After the Meeting

Any amendment, modification or supplement to this Plan of Arrangement which is approved by the Court following the Meeting shall be effective only:

- (a) if it is consented to by Chemesis; and
- (b) if required by the Court or applicable law, it is consented to by the Chemesis Securityholders.

4.4 Amendment After the Effective Date

Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date unilaterally by Chemesis, provided that it concerns a matter which, in the reasonable opinion of Chemesis, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interest of any holder of Chemesis Common Shares or IMC Common Shares.

ARTICLE 5 RIGHTS OF DISSENT

5.1 Rights of Dissent

Pursuant to the Interim Order, registered holders of Chemesis Common Shares may exercise rights of dissent (the “**Dissent Rights**”) under section 238 of the BCBCA, as modified by this Article 5, the Interim Order and the Final Order, with respect to Chemesis Common Shares in connection with the Arrangement, provided that the written notice setting forth the objection of such registered Chemesis Shareholders to the Arrangement and exercise of Dissent Rights must be received by Chemesis not later than 5:00 p.m. (Vancouver time) on the Business Day that is two Business Days before the Meeting or any date to which the Meeting may be postponed or adjourned and provided further that holders who exercise such rights of dissent and who:

- (a) are ultimately entitled to be paid fair value for their Dissent Shares, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their Dissent Shares to Chemesis as of the Effective Time in consideration for a debt claim against Chemesis to be paid the fair value of such Dissent Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; and
- (b) are ultimately not entitled, for any reason, to be paid fair value for their Chemesis Common Shares shall be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Chemesis Common Shares.

5.2 Recognition of Dissenting Shareholders

In no circumstances shall Chemesis or any other Person be required to recognize a Person exercising Dissent Rights unless such Person is a registered holder of those Chemesis Common Shares in respect of which such rights are sought to be exercised. From and after the Effective Date, neither Chemesis nor any other Person shall be required to recognize a Dissenting Shareholder as a shareholder of Chemesis and the names of the Dissenting Shareholders shall be deleted from the register of holders of Chemesis Common Shares previously maintained or caused to be maintained by Chemesis.

5.3 General Dissent Rights

For greater certainty, in addition to any other restrictions in the BCBCA, none of the following shall be entitled to exercise Dissent Rights: (i) Chemesis Optionholders; (ii) Chemesis Warranholders; and (iii) Chemesis Shareholders who vote in favour of the Arrangement Resolution.

ARTICLE 6 FURTHER ASSURANCES

6.1 Further Assurances

Notwithstanding that the transactions and events set out herein shall occur and be deemed to occur at the time and in the manner set out in this Plan of Arrangement without any further act or formality, Chemesis and IMC shall make, do and execute, or cause to be made, done or executed, all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may reasonably be required by any of them in order to further document or evidence any of the transactions or events set out herein.

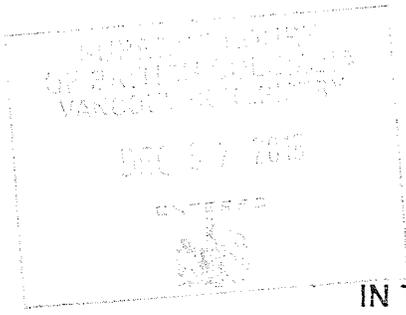
ARTICLE 7 TERMINATION

7.1 Termination

Notwithstanding any prior approvals by the Court or by the Chemesis Shareholders, the Board of Directors of Chemesis may decide not to proceed with the Arrangement and to revoke the Arrangement Resolution adopted at the Meeting without further approval of the Court or the Chemesis Shareholders.

SCHEDULE "E"
COURT MATERIALS

See attached Interim Order and Notice of Petition.



NO. S1813055
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTION 288 OF
THE *BRITISH COLUMBIA BUSINESS CORPORATIONS ACT*,
S.B.C, 2002, c. 57 AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING CHEMESIS INTERNATIONAL INC. AND IMC INTERNATIONAL MINING
CORP.

CHEMESIS INTERNATIONAL INC.

PETITIONER

ORDER MADE AFTER APPLICATION
(INTERIM ORDER)

BEFORE)
) MASTER ~~DICK~~ HARPER) DECEMBER 7, 2018
)
)

ON THE APPLICATION of the Petitioner, Chemesis International Inc. ("**Chemesis**") for an Interim Order under section 291 of the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the "**BCBCA**") in connection with a proposed arrangement (the "**Arrangement**") with IMC International Mining Corp. ("**IMC**"), to be effected on the terms and subject to the conditions set out in a plan of arrangement (the "**Plan of Arrangement**") without notice, coming on for hearing at 800 Smithe Street, Vancouver, British Columbia on December 7, 2018, and, ON HEARING Jessica Lewis, counsel for Chemesis, and upon reading the Petition to the Court herein and Affidavit #1 of Aman Parmar sworn on December 5, 2018 and filed herein (the "**Supporting Affidavit**");

THIS COURT ORDERS that:

DEFINITIONS

1. As used in this Interim Order, unless otherwise defined, terms beginning with capital letters will have the respective meanings set out in the draft management information circular of Chemesis (the “**Circular**”) attached as Exhibit “A” to the Supporting Affidavit.

ANNUAL GENERAL AND SPECIAL MEETING

2. Pursuant to section 186 and 288-291 of the BCBCA, Chemesis is authorized and directed to call, hold and conduct an annual general and special meeting (the “**Meeting**”) of the holders of the common shares of Chemesis (the “**Chemesis Shareholders**”) to be held at 885 West Georgia St., Suite 2200, Vancouver, British Columbia on January 9, 2019 at 10:00 a.m. (Vancouver time) to, *inter alia*, consider and, if deemed advisable, to pass, with or without variation, a special resolution (the “**Arrangement Resolution**”) approving and adopting in accordance with Division 5 of Part 9 of the BCBCA an arrangement substantially as contemplated in the Plan of Arrangement, a draft of which special resolution is attached as Schedule “C” to the Circular.
3. The Meeting will be called, held and conducted in accordance with the BCBCA, the Notice of Meeting, the Circular, the articles of Chemesis and applicable securities laws, subject to the terms of this Interim Order and any further Order of this Court, and the rulings and directions of the chair of the Meeting (the “**Chair**”), such rulings and directions not to be inconsistent with this Interim Order, and to the extent of any inconsistency this Interim Order will govern or, if not specified in the Interim Order, the Circular will govern.

AMENDMENTS

4. Chemesis is authorized to make such amendments, modifications or supplements to the Arrangement, the Plan of Arrangement, the Arrangement Agreement, and the Notice of Meeting as it may determine without any additional notice to the Chemesis Securityholders or authorization of the Chemesis Securityholders or further orders of this Court. The Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice of Meeting as so amended, modified or supplemented, will be the Arrangement, the Plan of Arrangement, the Arrangement Agreement and the Notice of Meeting to be submitted to the Chemesis Shareholders at the Meeting, as applicable, and the subject of the Arrangement Resolution.

ADJOURNMENTS AND POSTPONEMENTS

5. Notwithstanding the provisions of the BCBCA and the articles of Chemesis, the board of directors of Chemesis (the “**Board**”), subject to the Arrangement Agreement, will be entitled to adjourn or postpone the Meeting by resolution on one or more occasions without the necessity of first convening the Meeting or first obtaining any vote of the Chemesis Shareholders respecting the adjournment or postponement, and without the need for approval of this Court.

Notice of any such adjournment or postponement will be given by press release, newspaper advertisement or notice sent to the Chemesis Securityholders by one of the methods specified in paragraph 8 of this Interim Order, as determined to be the most appropriate method of communication by the Board.

RECORD DATE

6. The record date for determining the Chemesis Securityholders entitled to receive the Notice of Meeting, the Circular, and the forms of proxy or voting instruction form, as applicable, for use by the Chemesis Shareholders (collectively, the "**Meeting Materials**"), will be the close of business on December 5, 2018 (the "**Record Date**"), as previously approved by the Board and published by Chemesis, and the Record Date will remain the same despite any adjournments of the Meeting.

NOTICE OF SPECIAL MEETING

7. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of section 290(1)(a) of the BCBCA, and Chemesis shall not be required to send to the Chemesis Securityholders any other or additional statement pursuant to section 290(1)(a) of the BCBCA.
8. The Meeting Materials, with such amendments or additional documents as counsel for Chemesis may advise are necessary or desirable, and as are not inconsistent with the terms of this Interim Order, will be sent:
 - (a) To registered Chemesis Securityholders, determined as at the Record Date (the "**Registered Chemesis Securityholders**"), at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing or delivery, by prepaid ordinary mail or by delivery in person or by recognized courier service, addressed to the Registered Chemesis Securityholder at its address as it appears in Chemesis' central securities register as at the Record Date;
 - (b) To non-registered Chemesis Securityholders (those whose names do not appear in the securities register of Chemesis) (the "**Non-Registered Chemesis Securityholders**"), by providing, in accordance with National Instrument 54-101 - Communications with Beneficial Owners of Securities of a Reporting Issuer of the Canadian Securities Administrators, the requisite number of copies of the Meeting Materials to intermediaries and registered nominees to facilitate the distribution of the Meeting Materials to the Non-Registered Chemesis Securityholders;
 - (c) At any time by email or facsimile transmission to any Chemesis Securityholder who identifies themselves to the satisfaction of Chemesis (acting through its representatives), who requests such email or facsimile transmission and, if required by Chemesis, agrees to pay the charges related to such transmission; and

- (d) To the directors and auditors of Chemesis by prepaid ordinary mail or by delivery in person or by recognized courier service or by email or facsimile transmission at least twenty-one (21) days prior to the date of the Meeting, excluding the date of mailing, delivery or transmission;

and substantial compliance with this paragraph will constitute good and sufficient notice of the Meeting.

9. The Meeting Materials need not be sent to Registered Chemesis Securityholders where mail previously sent to such Registered Chemesis Securityholders by Chemesis or its registrar and transfer agent has been returned to Chemesis or its registrar and transfer agent on at least two previous consecutive occasions.
10. Accidental failure of or omission by Chemesis to give notice to any one or more Chemesis Securityholders, or the non-receipt of such notice, or any failure or omission to give such notice as a result of events beyond the reasonable control of Chemesis (including, without limitation, any inability to use postal services) will not constitute a breach of this Interim Order or a defect in the calling of the Meeting and will not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of Chemesis, then it will use commercially reasonable efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

DEEMED RECEIPT OF NOTICE

11. The Meeting Materials and any amendments, modifications, updates or supplements to the Meeting Materials and any notice of adjournment or postponement of the Meeting, will be deemed to have been received:
- (a) in the case of mailing, the day, Saturdays, Sundays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person, the day following personal delivery or, in the case of delivery by courier, the day following delivery to the person's address; and
- (c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

UPDATING MEETING MATERIALS

12. Notice of any amendments, modifications, updates or supplements to any of the information provided in the Meeting Materials may be communicated, at any time prior to the Meeting, to the Chemesis Securityholders by press release, news release, newspaper advertisement or by notice sent to the Chemesis Securityholders by any of the means set forth in paragraph 8, as determined to be the most appropriate method of communication by the Board.

PERMITTED ATTENDEES

13. The only persons entitled to attend the Meeting will be:

- (a) Registered Chemesis Shareholders, or their respective proxyholders, as at the close of business on the Record Date;
- (b) Directors, officers, auditors and advisors of Chemesis and IMC;
- (c) Any other persons with the prior permission of the Chair of the Meeting;

and the only persons entitled to vote at the Meeting will be the Registered Chemesis Shareholders at the close of business on the Record Date, or their respective proxyholders.

SOLICITATION OF PROXIES

- 14. Chemesis is authorized to use the form of proxy in substantially the same form as is attached as Exhibit "C" to the Supporting Affidavit, subject to Chemesis' ability to insert dates and other relevant information in the final form thereof and to make other non-substantive changes and changes legal counsel advise are necessary or appropriate. Chemesis is authorized, at its expense, to solicit proxies directly and through its officers, directors and employees, and through such agents or representatives as it may retain for that purpose and by mail, telephone or such other form of personal or electronic communication as it may determine.
- 15. The procedures for the use of proxies at the Meeting and revocation of proxies will be as set out in the Circular.
- 16. Chemesis may in its discretion generally waive the time limits for the deposit of proxies by the Chemesis Shareholders if Chemesis deems it advisable to do so, such waiver to be endorsed on the proxy by the initials of the Chair of the Meeting.

QUORUM AND VOTING

- 17. At the Meeting, the votes will be taken on the following bases:
 - (a) Each Registered Chemesis Shareholder whose name is entered on the central securities register of Chemesis as at the close of business on the Record Date is entitled to one (1) vote for each Chemesis Common Share registered in his/her/its name;
 - (b) The requisite and sole approval required to pass the Arrangement Resolution will be the affirmative vote of:
 - (i) at least two-thirds of the total votes cast by the Shareholders, voting as a single class, present in person or represented by proxy and entitled to vote at the Meeting (excluding from the count of total votes cast any spoiled, illegible and/or defective ballots and abstentions);
 - (ii) a simple majority of the votes cast at the Meeting by the Shareholders present in person or represented by proxy, voting as

a single class, and entitled to vote at the Meeting, excluding the votes cast in respect of Chemesis Common Shares held by any interested party (as defined in Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions (“**MI 61-101**”), related party (as defined by MI 61-101) or joint actor (as defined in MI 61-101).

- (c) A quorum at the Meeting will be a majority of the members of the Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other. If a quorum is present at the opening of the Meeting, the Chemesis Shareholders present or represented by proxy may proceed with the business of the Meeting notwithstanding that a quorum is not present throughout the Meeting. If a quorum is not present at the opening of the Meeting the Shareholders present in person or represented by proxy may adjourn the Meeting to a fixed time and place but may not transact any other business. If a quorum is not present within 30 minutes from the time set for the adjourned meeting, a quorum shall consist of one or more voting persons present in person or by proxy.

SCRUTINEER

18. The scrutineer for the Meeting will be AST Trust Company (Canada) (acting through its representatives for that purpose). The duties of the scrutineer will include:
- (a) Reviewing and reporting to the Chair on the deposit and validity of proxies;
 - (b) Reporting to the Chair on the quorum of the Meeting;
 - (c) Reporting to the Chair on the polls taken or ballots cast, if any, at the Meeting; and
 - (d) Providing to Chemesis and to the Chair written reports on matters related to their duties.

DISSENT RIGHTS

19. Each Registered Chemesis Shareholder is granted rights to dissent (the “**Dissent Rights**”) in respect of the Arrangement Resolution in accordance with s. 237 to 247 of the BCBCA, as modified by the Plan of Arrangement, the Interim Order and the Final Order, provided that, notwithstanding section 242(2) of the BCBCA, the written objection to the Arrangement Resolution must be received by Chemesis not later than 5:00 p.m. (Vancouver Time) on January 7, 2019, or in the case of any adjournment or postponement of the Meeting, not less than two Business Days prior to such adjourned or postponed meeting.
20. Registered Chemesis Shareholders who duly exercise their Dissent Rights (the “**Dissenting Shareholders**”) and who:

- (a) Are ultimately entitled to be paid fair value for their Dissent Shares, which fair value, notwithstanding anything to the contrary contained in the BCBCA, shall be determined immediately prior to the approval of the Arrangement Resolution, shall be deemed to have transferred their Dissent Shares to Chemesis as of the Effective Time in consideration for a debt-claim against Chemesis to be paid the fair value of such Dissent Shares and will not be entitled to any other payment or consideration, including any payment that would be payable under the Arrangement had such holders not exercised their Dissent Rights; and
 - (b) Are ultimately not entitled, for any reason, to be paid fair value for their Chemesis Common Shares, will be deemed to have participated in the Arrangement, as of the Effective Time, on the same basis as a non-dissenting holder of Chemesis Common Shares.
21. In no circumstances shall Chemesis or any other person be required to recognize a person exercising Dissent Rights unless such person is a registered holder of those Chemesis Common Shares in respect of which such rights are sought to be exercised. From and after the Effective Date, neither Chemesis nor any other person shall be required to recognize a Dissenting Shareholder as a shareholder of Chemesis and the names of the Dissenting Shareholders shall be deleted from the register of holders of Chemesis Common Shares previously maintained or caused to be maintained by Chemesis.
22. For greater certainty, none of the following shall be entitled to exercise Dissent Rights: (i) Chemesis Optionholders; (ii) Chemesis Warrantholders; and (iii) Chemesis Shareholders who vote in favour of the Arrangement Resolution.

APPLICATION FOR FINAL ORDER

23. Chemesis will include in the Meeting Materials, when sent in accordance with paragraph 8 of this Interim Order, a copy of the Notice of Petition herein, in substantially the form attached as Exhibit "B" to the Supporting Affidavit, and the text of this Interim Order (collectively, the "**Court Materials**"), and such Court Materials will be deemed to have been served at the times specified in accordance with paragraph 8 and/or 11 of this Interim Order, whether such persons reside within British Columbia or within another jurisdiction.
24. The form of Notice of Petition attached as Exhibit "B" to the Supporting Affidavit is hereby approved as the form of notice for the hearing of the application for the Final Order.
25. The persons entitled to appear and be heard at any hearing to sanction and approve the Arrangement, will be only:
- (a) Chemesis;
 - (b) IMC; and

- (c) Other persons who have served and filed a Response to Petition and have otherwise complied with the Supreme Court Civil Rules and paragraph 26 of this Interim Order.
26. The sending of the Meeting Materials in the manner contemplated by paragraph 8, will constitute good and sufficient service and no other form of service need be effected and no other material need be served on such persons in respect of these proceedings, except with respect to any person who will:
- (a) File a Response to Petition, in the form prescribed by the *Supreme Court Civil Rules*, together with any evidence or material which is to be presented to the Court at the hearing of the Application; and
- (b) Deliver the filed Response to Petition together with a copy of any evidence or material which is to be presented to the Court at the hearing of the Application, as defined below, to Chemesis' counsel at:

Cassels Brock & Blackwell LLP

885 West Georgia St., Vancouver, British Columbia, V6C 2X8

Attention: Jessica Lewis

by or before 4:00 p.m. (Vancouver time) on the date that is two business days prior to the hearing of the Application.

27. Upon the approval of the Arrangement Resolution, in the manner set forth in this Interim Order, Chemesis may apply to this Court (the "**Application**") for, among other things, an Order pursuant to section 291(4)(a) of the BCBCA approving the Arrangement (the "**Final Order**") and the hearing of the Application will be held on January 14, 2019 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the Application can be heard or at such other date and time as this Court may direct.
28. In the event that the hearing of the Application is adjourned, then only those persons who filed and delivered a Response to Petition in accordance with paragraph 26 of this Interim Order need be served and provided with notice of the adjourned hearing date.

VARIANCE

29. Chemesis will be entitled, at any time, to apply to vary this Interim Order or apply for such further order or orders as may be appropriate.
30. Rules 8-1 and 16-1(8) - (12) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.
31. To the extent of any inconsistency or discrepancy between this Interim Order and the Circular, the BCBCA, applicable Securities Laws or the articles of Chemesis, this Interim Order shall govern.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND
CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS
BEING BY CONSENT:



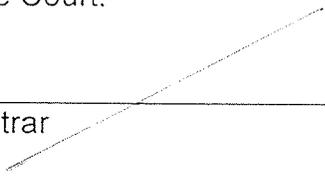
Signature of

party Lawyer for Chemesis International Inc.

Jessica Lewis

Cassels Brock & Blackwell LLP

By the Court.



Registrar

No. _____
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA
IN THE MATTER OF SECTION 288 OF
THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*,
S.B.C, 2002, c. 57 AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING CHEMESIS INTERNATIONAL INC. AND IMC INTERNATIONAL MINING
CORP.

CHEMESIS INTERNATIONAL INC.

PETITIONER

ORDER MADE AFTER APPLICATION
(Interim Order)

CASSELS BROCK & BLACKWELL LLP

Lawyers

2200 – 885 West Georgia Street

Vancouver, B.C. V6C 3E8

Telephone: (604) 283-1482

Facsimile: (604) 691-6120

E-mail: mnied@casselsbrock.com

Attention: Jessica Lewis

JLL/gs

Matter# 50607-5

NO.
VANCOUVER REGISTRY

IN THE SUPREME COURT OF BRITISH COLUMBIA

IN THE MATTER OF SECTION 288 OF
THE BRITISH COLUMBIA *BUSINESS CORPORATIONS ACT*,
S.B.C, 2002, c. 57 AS AMENDED

AND

IN THE MATTER OF A PROPOSED ARRANGEMENT
INVOLVING CHEMESIS INTERNATIONAL INC. AND IMC INTERNATIONAL MINING
CORP.

CHEMESIS INTERNATIONAL INC.

PETITIONER

NOTICE OF PETITION

To: The holders (the “**Shareholders**”) of common shares (the “**Common Shares**”) of Chemesis International Inc. (“**Chemesis**”), the holders of options to purchase Common Shares and the holders of warrants to purchase Common Shares (collectively, the “**Securityholders**”)

NOTICE IS HEREBY GIVEN that a Petition to the Court (the “**Petition**”) has been filed by Chemesis in the Supreme Court of British Columbia (the “**Court**”) for approval of a plan of arrangement (the “**Arrangement**”) pursuant to the British Columbia *Business Corporations Act*, S.B.C. 2002, c. 57, as amended (the “**BCBCA**”).

AND NOTICE IS FURTHER GIVEN that by an Interim Order Made After Application pronounced by Master ● on December 7, 2018, the Court has given directions as to the calling of an annual general and special meeting of the Shareholders, for the purpose of, among other things, considering, voting upon and approving the Arrangement;

AND NOTICE IS FURTHER GIVEN that if the Arrangement is approved at the Meeting the Petitioner intends to apply to the Court for a final order approving the Arrangement (the “**Final Order**”), which application shall be made before the presiding Judge in Chambers at the Courthouse, 800 Smithe Street, Vancouver, British Columbia on January 14, 2019, at 9:45 am (Vancouver time), or as soon thereafter as counsel may be heard (the “**Final Application**”);

IF YOU WISH TO BE HEARD, any person affected by the Final Order sought may appear (either in person or by counsel) and make submissions at the hearing of the Final Application, but only if such person has filed with the Court at the Court Registry,

800 Smithe Street, Vancouver, British Columbia, a Response to Petition (“**Response**”) in the form prescribed by the *Supreme Court Civil Rules*, and delivered a copy of the filed Response, together with all affidavits and other material upon which such person intends to rely at the hearing of the Final Application, including an outline of such person’s proposed submission, to the Petitioner at its address for delivery set out below by or before 4:00 p.m. (Vancouver time) at least two business days prior to the hearing of the Final Application.

The Petitioner’s address for delivery is:

CASSELS, BROCK & BLACKWELL LLP
Barristers and Solicitors
Suite 2200, 885 West Georgia Street
Vancouver, British Columbia V6C 3E8

Attn: Jessica Lewis

IF YOU WISH TO BE NOTIFIED OF ANY ADJOURNMENT OF THE FINAL APPLICATION, YOU MUST GIVE NOTICE OF YOUR INTENTION by filing and delivering the form of “Response” as aforesaid. You may obtain a form of “Response” at the Court Registry, 800 Smithe Street, Vancouver, British Columbia, V6Z 2E1.

AT THE HEARING OF THE FINAL APPLICATION, the Court may approve the Arrangement as presented, or may approve it subject to such terms and conditions as the Court deems fit.

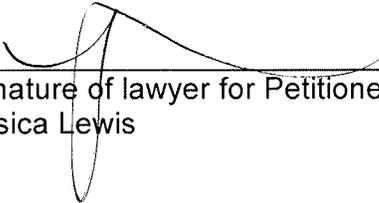
IF YOU DO NOT FILE A RESPONSE and attend, either in person or by counsel, at the time of such hearing, the Court may approve the Arrangement, as presented, or may approve it subject to such terms and conditions as the Court shall deem fit, all without any further notice to you. If the Arrangement is approved, it will significantly affect the rights of the Securityholders.

A copy of the said Petition and other documents in the proceeding will be furnished to any Securityholders upon request in writing addressed to the solicitors of the Petitioner at the address for delivery set out above.

Estimated time required: 20 minutes

This matter is not within the jurisdiction of a Master.

Date: December 5, 2018



Signature of lawyer for Petitioner
Jessica Lewis

SCHEDULE “F”

DIVISION 2 OF PART 8 OF THE BCBCA

Definitions and application

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291 (2) (c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement,
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order, or
- (d) in the case of a dissent in respect of a community contribution company, the value of the notice shares set out in the regulations,

excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section 238 (1) (g), the court orders otherwise or the resolution provides otherwise.

Right to dissent

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles
 - (i) to alter restrictions on the powers of the company or on the business the company is permitted to carry on, or
 - (ii) without limiting subparagraph (i), in the case of a community contribution company, to alter any of the company’s community purposes within the meaning of section 51.91;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;

- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;
- (e) under section 301 (5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
- (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
- (g) in respect of any other resolution, if dissent is authorized by the resolution;
- (h) in respect of any court order that permits dissent.

(2) A shareholder wishing to dissent must

- (a) prepare a separate notice of dissent under section 242 for
 - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
- (b) identify in each notice of dissent, in accordance with section 242 (4), the person on whose behalf dissent is being exercised in that notice of dissent, and
- (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.

(3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must

- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
- (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

Waiver of right to dissent

239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.

(2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must

- (a) provide to the company a separate waiver for
 - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
 - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
- (b) identify in each waiver the person on whose behalf the waiver is made.

(3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to:

- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and
- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

Notice of resolution

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

Notice of court orders

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and

- (b) a statement advising of the right to send a notice of dissent.

Notice of dissent

242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1) (a), (b), (c), (d), (e) or (f) must,

- (a) if the company has complied with section 240 (1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
- (b) if the company has complied with section 240 (3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
- (c) if the company has not complied with section 240 (1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
 - (i) the date on which the shareholder learns that the resolution was passed, and
 - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.

(2) A shareholder intending to dissent in respect of a resolution referred to in section 238 (1)(g) must send written notice of dissent to the company

- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2) (b) or (3)(b) as the last date by which notice of dissent must be sent, or
- (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.

(3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company

- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
- (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.

(4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:

- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
- (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
 - (i) the names of the registered owners of those other shares,
 - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
 - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;

- (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and
 - (i) the name and address of the beneficial owner, and
 - (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

Notice of intention to proceed

243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,

- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
 - (i) the date on which the company forms the intention to proceed, and
 - (ii) the date on which the notice of dissent was received, or
- (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.

(2) A notice sent under subsection (1)(a) or (b) of this section must

- (a) be dated not earlier than the date on which the notice is sent,
- (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
- (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

Completion of dissent

244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,

- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
- (b) the certificates, if any, representing the notice shares, and
- (c) if section 242(4)(c) applies, a written statement that complies with subsection (2) of this section.

(2) The written statement referred to in subsection (1)(c) must

- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
- (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
 - (i) the names of the registered owners of those other shares,

(ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and

(iii) that dissent is being exercised in respect of all of those other shares.

(3) After the dissenter has complied with subsection (1),

(a) the dissenter is deemed to have sold to the company the notice shares, and

(b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.

(4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.

(5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.

(6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

Payment for notice shares

245 (1) A company and a dissenter who has complied with section 244 (1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

(a) promptly pay that amount to the dissenter, or

(b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

(a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,

(b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and

(c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2)(a) of this section, the company must

(a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or

- (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(4) If a dissenter receives a notice under subsection (1)(b) or (3)(b),

- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
- (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

Loss of right to dissent

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

Shareholders entitled to return of shares and rights

247 If, under section 244(4) or (5), 245(4)(a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

SCHEDULE "G"

CHEMESIS INTERNATIONAL INC. – AUDITED FINANCIAL STATEMENTS

See attached.

**CHEMESIS INTERNATIONAL INC.
(FORMERLY CANADIAN MINING CORP.)**

Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Shareholders of Chemesis International Inc. (formerly Canadian Mining Corp.)

We have audited the accompanying consolidated financial statements of Chemesis International Inc. (formerly Canadian Mining Corp.), which comprise the consolidated statements of financial position as at June 30, 2018, and the consolidated statements of loss and comprehensive loss, consolidated statements of cash flows and consolidated statements of changes in equity for the year then ended, 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, 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 about whether the consolidated financial statements are free from 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 Chemesis International Inc. (formerly Canadian Mining Corp.) as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The consolidated financial statements of Chemesis International Inc. (formerly Canadian Mining Corp.) for the year ended June 30, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on October 31, 2017.

Vancouver, B.C.
October 4, 2018

"D&H Group LLP"

Chartered Professional Accountants

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Consolidated Statements of Financial Position

As at June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
Assets		
Current assets		
Cash and cash equivalents	\$ 2,540,505	\$ 1,016,593
Loans receivable (Note 10)	759,413	-
Prepaid expenses	16,173	389
Total current assets	3,316,091	1,016,982
Non-current asset		
Exploration and evaluation assets (Note 5)	78,357	16,243
Total assets	\$ 3,394,448	\$ 1,033,225
Liabilities and Shareholders' Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 52,453	\$ 246,059
Related party advances (Note 7)	-	108,308
Total liabilities	52,453	354,367
Shareholders' equity		
Share capital (Note 6)	4,602,596	1,019,927
Contributed surplus (Note 6)	1,369,330	410,854
Deficit	(2,629,931)	(751,923)
Total shareholders' equity	3,341,995	678,858
Total liabilities and shareholders' equity	\$ 3,394,448	\$ 1,033,225

Nature of operations and going concern (Note 1)

Subsequent events (Note 12)

Approved on behalf of the Board:"Brian Thurston", Director"Aman Parmar", Director

These consolidated financial statements are authorized for issue by the Board of Directors on October 4, 2018.

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

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Consolidated Statements of Loss and Comprehensive Loss

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	2018	2017
Interest income	\$ 12,915	\$ -
Expenses		
Office and administrative	10,896	20
Exploration costs	5,140	-
Professional fees	185,770	22,140
Consulting fees (Note 7)	472,481	107,600
Exchange and filing fees	50,766	17,305
Advertising and promotion	239,301	-
Travel	23,756	-
Share-based payments (Note 6)	922,246	399,850
	(1,910,356)	(546,915)
Net loss before other income (expenses)	\$ (1,897,441)	\$ (546,915)
Other income (expense)		
Plan of arrangement costs	-	(206,525)
Gain on foreign exchange	19,433	1,517
Net and comprehensive loss for the year	\$ (1,878,008)	\$ (751,923)
Basic and diluted loss per share	\$ (0.15)	\$ (0.98)
Weighted average number of shares outstanding	12,772,765	763,850

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

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Consolidated Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)

	2018	2017
Operating Activities		
Net loss for the year	\$ (1,878,008)	\$ (751,923)
Items not involving cash:		
Share-based payments	922,246	399,850
Changes in non-cash working capital items		
Loans receivable	(759,413)	-
Prepaid expenses	(15,784)	(389)
Accounts payable and accrued liabilities	(193,606)	246,059
	(1,924,565)	(106,403)
Investing Activity		
Expenditures on mineral properties	(62,114)	-
Financing Activities		
Net proceeds received on issuance of shares	3,618,899	1,014,688
Cash received (paid back to) related parties	(108,308)	108,308
	3,510,591	1,122,996
Increase in cash and cash equivalents	1,523,912	1,016,593
Cash and cash equivalents, beginning of year	1,016,593	-
Cash and cash equivalents, end of year	\$ 2,540,505	\$ 1,016,593
Cash and cash equivalents consist of:		
Cash	\$ 1,140,505	\$ 1,016,593
Short-term deposits	1,400,000	-
	\$ 2,540,505	\$ 1,016,593

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

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Consolidated Statements of Changes in Equity

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

	Common Shares		Contributed		Total
	Number	Amount	Surplus	Deficit	Equity
June 30, 2016	50	\$ 100	\$ -	\$ -	\$ 100
Shares issued pursuant to private placement	5,502,484	990,447	-	-	990,447
Share issuance costs	-	(59)	-	-	(59)
Shares issued pursuant to plan of arrangement	2,826,838	16,243	-	-	16,243
Shares cancelled pursuant to plan of arrangement	(50)	(100)	-	-	(100)
Fair value of warrants issued pursuant to private placement	-	(11,004)	11,004	-	-
Shares issued pursuant to warrants exercised	135,000	24,300	-	-	24,300
Fair value of stock options granted	-	-	399,850	-	399,850
Loss for the year	-	-	-	(751,923)	(751,923)
June 30, 2017	8,464,322	\$ 1,019,927	\$ 410,854	\$ (751,923)	\$ 678,858
Shares issued pursuant to private placement	4,399,472	2,199,736	-	-	2,199,736
Share issuance costs	-	(148,514)	-	-	(148,514)
Shares issued pursuant to warrants exercised	3,076,282	1,523,701	(6,024)	-	1,517,677
Shares issued pursuant to options exercised	100,000	116,642	(66,642)	-	50,000
Fair value of stock options granted	-	-	922,246	-	922,246
Fair value of warrants issued as finders' fees	-	(108,896)	108,896	-	-
Loss for the year	-	-	-	(1,878,008)	(1,878,008)
June 30, 2018	16,040,076	\$4,602,596	\$1,369,330	\$(2,629,931)	\$3,341,995

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

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS

Chemesis International Inc. (formerly Canadian Mining Corp.) (the “Company” or “Chemesis”) was incorporated on April 26, 2013 and was a wholly-owned subsidiary of International Zeolite Corp. During fiscal 2017, the Company was spun out pursuant to a plan of arrangement as disclosed in Note 4. On June 5, 2017, the Company’s common shares began trading on the TSX Venture Exchange under the symbol CNG. The Company is an exploration stage public company whose principal business activities are the acquisition, exploration and evaluation of mineral properties.

At the date of these consolidated financial statements, the Company has not been able to identify a known body of commercial grade ore on its property and the ability of the Company to recover the costs it has incurred to date on the property is dependent upon the Company being able to identify a commercial ore body, to finance its exploration and development costs and to resolve any environmental, regulatory, or other constraints which may hinder the successful development of the property. The Company is in the development stage with no source of operating revenue and is dependent upon equity financing on terms that are acceptable to the Company, to maintain its current operations.

The Company’s ability to continue to meet its obligations and carry out its planned exploration activities is uncertain and dependent upon the continued financial support of its shareholders and on securing additional financing. There is, however, no assurance that any such initiatives will be sufficient and, as a result, there is significant doubt regarding the going concern assumption and, accordingly, the ultimate appropriateness of the use of accounting principles applicable to a going concern. These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported expenses and statement of financial position classifications that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of operations for the foreseeable future. These adjustments could be material.

Effective July 17, 2018, the Company completed a share consolidation of its share capital on the basis of two existing common shares for one new common share. As a result of the share consolidation, the 32,080,152 common shares issued and outstanding were consolidated to 16,040,076 common shares. All information in these consolidated financial statements is presented on a post-share consolidation basis, including the number and exercise price of all share options and warrants.

See Note 12.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

2.1 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.

2.2 Details of the Group

In addition to the Company, the consolidated financial statements include all subsidiaries. Subsidiaries are all corporations over which the Company is able, directly or indirectly, to control financial and operating policies, which is the authority usually connected with holding majority voting rights. Subsidiaries are fully consolidated from the date on which control is acquired by the Company. Inter-company transactions and balances are eliminated upon consolidation. They are deconsolidated from the date that control by the Company ceases.

The subsidiaries of the Company are as follows:

Company	Location of Incorporation	Ownership Interest
Canadian Mining Company of Arizona, Inc.	USA	100%

2.3 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 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.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

2. BASIS OF PRESENTATION - continued

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Going concern

The assessment of the Company's ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation properties and impairment

The Company is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation properties. The Company is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation properties should be impaired. Management has assessed impairment indicators on the Company's exploration and evaluation properties and has concluded that no impairment indicators existed as of June 30, 2018 and 2017.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash within ninety days of purchase.

3.2 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Company has obtained the legal right to explore are expensed as incurred.

(ii) Exploration and evaluation costs:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Company capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral properties until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation properties are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company's title. Such properties may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.3 Decommissioning and Restoration

The Company is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Company records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Company's estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at June 30, 2018 and 2017, the Company has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

3.4 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.

3.5 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.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.6 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 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 are recognized to the extent that it is probable that they will be able to be utilized against future taxable income.

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.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.7 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 share option reserve. 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 share option reserve 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 share option reserve.

3.8 Valuation of Equity Units Issued in Private Placements

The Company has adopted the 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 fair value of common shares issued in private placement was determined to be the more easily measurable component and are valued at their fair value, as determined by the closing bid price on the announcement date. The balance, if any, is allocated to attached warrants. Any fair value attributed to warrants is recorded to contributed surplus.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.9 Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income (loss) (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.

During the years ended June 30, 2018 and 2017, all the outstanding share options and warrants were anti-dilutive.

3.10 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 cash equivalents, loans receivable, and accounts payable and accrued liabilities.

Cash and cash equivalents are classified as fair value through profit or loss, and loans receivable are classified as loans and receivables. 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.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

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3. SIGNIFICANT ACCOUNTING POLICIES - continued

3.11 Share Issuance Costs

Share issuance costs, which include commissions, facilitation payments, professional fees and regulatory fees, are charged directly to share capital.

3.12 Comprehensive Income (Loss)

Total comprehensive income (loss) comprises all components of profit or loss and other comprehensive income (loss). Other comprehensive income (loss) includes items such as gains and losses from translating the financial statements of a foreign operation, 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.

3.13 New Standards Not Yet Adopted

IFRS 9: Financial Instruments was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing de-recognition requirements from IAS 39 Financial instruments: recognition and measurement. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The Company notes that there will be no significant impact on the Company's consolidated financial statements as a result of adopting IFRS 9.

IFRS 15: New standard to establish principles for reporting the nature, amount, timing, and uncertainty of revenue and cash flows arising from an entity's contracts with customers, effective for annual periods beginning on or after January 1, 2018. The Company notes that there will be no significant impact on the Company's consolidated financial statements as a result of adopting IFRS 15.

IFRS 16: A new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lease accounting model. The Company is continuing to assess the impact of this new standard on its financial position and financial performance.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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4. PLAN OF ARRANGEMENT

On February 17, 2017, the Company's then parent company, International Zeolite Corp. ("CNZ"), a publicly traded entity entered into Vend-In and Arrangement Agreements with the Company. Pursuant to the Vend-In agreement, CNZ transferred all of the issued and outstanding shares of Canadian Mining Company of Arizona, Inc. ("CMCA"), which holds the claims to the Bullard Pass Property, to the Company. Pursuant to the Arrangement Agreement, the Company and its wholly-owned subsidiary, CMCA, were spun out of CNZ whereby the existing shareholders of CNZ received one share of the Company for every five shares of CNZ held at the record date. CNZ's shareholders also received one warrant of the Company for every five warrants of CNZ held at the record date. As a result, the Company issued CNZ shareholders 2,826,838 common shares at an estimated fair market value ("FMV") of \$0.0064 per share and 227,500 share purchase warrants having a fair value of \$nil.

The fair value of the consideration given for the identifiable assets of CMCA that were acquired has been allocated as follows:

	June 30, 2017
Net assets acquired:	
Exploration and evaluation asset	\$ 16,243
Consideration given:	
Fair value of common shares issued	\$ 16,243

During the year ended June 30, 2017, the Company incurred \$206,525 in costs relating to the plan of arrangement which have been expensed in the consolidated statements of operations and comprehensive loss.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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5. EXPLORATION AND EVALUATION ASSETS

The Company has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United States.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2018 and 2017 are as follows:

	Amount (\$)
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the year:	
Claim fees	62,114
Balance at June 30, 2018	78,357

6. SHARE CAPITAL

6.1 Authorized Share Capital

Unlimited number of common shares with no par value.

6.2 Shares Issued

Shares issued and outstanding as at June 30, 2018 are 16,040,076 (2017 – 8,464,322).

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

- a. The Company issued 4,399,472 units at \$0.50 per unit for gross proceeds of \$2,199,736. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$2.00 per common share for a period of two years from the date of closing. The Company incurred \$257,410 in share issuance costs in connection with the financing. Included in share issuance costs is the fair value allocation of \$108,896 due to the fair value of 182,910 warrants issued as finders' fees.
- b. The Company issued 3,076,282 common shares for gross proceeds \$1,517,677 pursuant to the exercise of warrants.
- c. The Company issued 100,000 common shares for gross proceeds of \$50,000 pursuant to the exercise of options.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

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6. SHARE CAPITAL - continued

During the year ended June 30, 2017, the following share transactions occurred:

- d. The Company issued 5,502,484 units at \$0.18 per unit for gross proceeds of \$990,447. Each unit was comprised of one common share and one common share purchase warrant exercisable at \$0.50 per common share for a period of one year from the date of closing. The shares and warrants have an escrow provision whereby 25% are released every four months from the date of issuance.
- e. The Company issued 2,826,838 common shares having an estimated fair market value of \$16,243 pursuant to the plan of arrangement with Canadian Zeolite Corp.
- f. The Company issued 135,000 common shares for gross proceeds of \$24,300 pursuant to the exercise of warrants.
- g. The Company has 528,644 common shares held in escrow subject to a 36-month staged release escrow agreement.

6.3 Warrants

The following warrants were outstanding:

	<u>Warrants</u>	<u>Weighted average exercise price</u>
June 30, 2016	-	\$ -
Issued on private placement	5,502,484	0.50
Issued on plan of arrangement	227,500	0.18
Exercised	(135,000)	0.18
June 30, 2017	5,594,984	0.50
Issued on private placement	4,399,472	2.00
Exercised	(3,076,283)	0.18
Expired	(2,518,701)	0.18
June 30, 2018	<u>4,399,472</u>	<u>\$ 2.00</u>

<u>Expiry date</u>	<u>Warrants</u>	<u>Weighted average exercise price</u>
August 3, 2019	4,399,472	\$ 2.00

At June 30, 2018, the weighted-average remaining life of the outstanding warrants was 1.1 years (2017 – 0.89).

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

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6. SHARE CAPITAL - continued

The fair value of the share purchase warrants issued as finder's fees during the year ended June 30, 2018 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>
Risk free interest rate	1.11%	-
Expected warrant life (years)	2.00 years	-
Expected stock price volatility	126%	-
Dividend payments during life of option	Nil	-
Expected forfeiture rate	Nil	-

6.4 Share-based Compensation

The Company has adopted a stock option plan whereby up to 10% of the outstanding shares of the Company as of the date of grant have been reserved for the grant and issuance to its employees, officers, directors and consultants. Under the plan, the exercise price of an option may not be set at less than the minimum price permitted by the TSX Venture Exchange. The aggregate number of options granted to any one individual during any 12-month period may not exceed 5% of the issued shares of the Company, or 2% in the case of consultants and investor relations representatives. The stock option plan provides for full vesting of the stock options on the date of approval of the options by the appropriate regulatory authority. Stock options granted to any person engaged in investor relations activities will vest over a period of not less than 12 months with no more than 25% of the stock options vesting in any three-month period. The exercise price of any stock options granted under the plan shall be determined by the Board but may not be less than the market price of the common shares on the Exchange on the date of grant (less any discount permissible under Exchange rules). The term of any stock options granted under the plan shall be determined by the Board at the time of grant but may not exceed ten years.

Total share options granted during the year ended June 30, 2018 were 800,000 (2017 – 600,000). Total share-based payments recognized for the fair value of share options granted, vested and approved by the shareholders during the year ended June 30, 2018 was \$922,246 (2017 - \$399,850). Of those share options, 500,000 were cancelled subsequent to issuance.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

6. SHARE CAPITAL - continued

The fair value of the share options granted during the years ended June 30, 2018 and 2017 was estimated on the date of grant using the Black-Scholes Pricing Model with the following weighted average assumptions:

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>
Risk free interest rate	1.11%	1.11%
Expected option life (years)	5.00 years	5.00 years
Expected stock price volatility	126%	126%
Dividend payments during life of option	Nil	Nil
Expected forfeiture rate	Nil	Nil

Option pricing models require the input of highly speculative assumptions, including the expected future price volatility of a company's shares. Expected volatility has been estimated based on historical volatility. Changes in these assumptions can materially affect the fair value estimate and, therefore, existing models do not necessarily provide a reliable single measure of the fair value of the Company's share options.

The following stock options issued under the employee stock option plan were outstanding:

	<u>Options</u>	<u>Exercise price</u>
June 30, 2016	-	\$ -
Issued	600,000	0.50
June 30, 2017	600,000	0.50
Issued	800,000	1.10
Forfeited	(150,000)	0.50
Exercised	(100,000)	0.50
Cancelled	(500,000)	1.10
June 30, 2018	<u>650,000</u>	<u>0.78</u>

At June 30, 2018, the weighted average remaining life of the outstanding options was 4.03 years (2017 – 4.95 years).

<u>Outstanding</u>			<u>Exercisable</u>		
<u>Number of Options</u>	<u>Exercise price</u>	<u>Remaining contractual life (years)</u>	<u>Number of Options</u>	<u>Exercise price</u>	<u>Remaining contractual life (years)</u>
350,000	\$ 0.50	3.95	350,000	\$ 0.50	3.95
300,000	1.10	4.14	300,000	1.10	4.14
<u>650,000</u>			<u>650,000</u>		

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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7. RELATED PARTY DISCLOSURES

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consists of members of the Company's current and former Board of Directors and its executive officers.

a) During fiscal 2018 and 2017 the following compensation was incurred:

	2018	2017
Consulting fees	\$ 247,396	\$ 45,525
Share-based payments	403,483	199,925
	\$ 650,879	\$ 245,450

b) During the year ended June 30, 2018, the Company repaid \$ 108,308 (2017 - \$nil) to Canadian Zeolite Corp., a corporation with directors in common.

c) As at June 30, 2018, amounts totaling \$20,247 (2017 - \$43,807) owing to related parties are included in accounts payable and accrued liabilities.

8. MANAGEMENT OF CAPITAL

The Company defines capital that it manages as its cash and cash equivalents 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, to perform mineral exploration activities on the Company's exploration projects, 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.

There have not been any changes to the Company's capital management policy during the year.

9. RISK MANAGEMENT

9.1 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.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

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9. RISK MANAGEMENT - continued

a. Capital Risk

The Company manages its capital to ensure that there are adequate capital resources for the Company to maintain title to and explore its mineral properties. The capital structure of the Company consists of cash and cash equivalents 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 \$3,263,638 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 and cash equivalents of \$2,540,505 to settle current liabilities of \$52,453.

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 exposed to these risks as the ability of the Company to develop or market its properties and the future profitability of the Company is related to the market price of certain minerals such as copper, molybdenum, tungsten, gold and silver.

9.2 Fair Values

The carrying values of cash and cash equivalents, loans receivable and accounts payable and accrued liabilities approximate fair values due to their short-term to maturity nature or the ability to readily convert to cash.

Assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. All financial instruments are classified as Level 1 items.

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).

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

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10. LOANS RECEIVABLE

During the year ended June 30, 2018, the Company entered into a memorandum of understanding (“MOU”) with Natural Ventures PR LLC (“Natural Ventures”). The MOU states that the Company will pay US\$2,250,000 for 62.5% of all the issued and outstanding membership units of Natural Ventures, and will issue common shares equal to US\$1,682,085 for a further 17.5% bringing the total ownership to 80%. The MOU also states that Company will loan up to US\$750,000 to Natural Ventures. The loan accrues interest at 5% per year, calculated annually. As at June 30, 2018, the Company had loaned US\$550,000 (CDN\$724,240) in connection with the MOU.

During the year ended June 30, 2018, the Company entered into a letter of intent (“LOI”) with Crust Resources Corp. (“Crust”). In connection with the LOI, the Company loaned Crust \$25,000. The loan accrues interest at 5% per year, calculated annually.

	June 30, 2018
Natural Ventures PR LLC	\$ 724,240
Crust Resources Corp.	25,000
	<hr/> 749,240
Accrued interest	<hr/> 10,173
Balance, June 30, 2018	<hr/> \$ 759,413 <hr/>

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

11. INCOME TAXES

The tax effect (computed by applying the Canadian federal and provincial statutory rate) of the significant temporary differences, which comprise deferred income tax assets and liabilities, are as follows:

	2018	2017
	\$	\$
Canadian statutory income tax rate	27.00%	26.00%
Income tax recovery at statutory rate	(508,000)	(196,000)
Tax effect of:		
Stock-based compensation	250,000	104,000
Share issuance cost	(9,000)	-
Change in valuation allowance	267,000	92,000
Income tax provision	-	-

The significant components of deferred income tax assets are as follows:

	2018	2017
	\$	\$
Deferred income tax assets		
Non-capital losses carried forward	276,000	49,000
Plan of arrangement costs	45,000	43,000
Share issue costs	32,000	-
Total gross deferred income tax assets	353,000	92,000
Valuation allowance	(353,000)	(92,000)
Net deferred income tax assets	-	-

As at June 30, 2018, the Company has non-capital losses carried forward of approximately \$1,024,000 which are available to offset future years' taxable income and will expire at varying dates up to 2038 if not utilized.

The Company also has available mineral resource related expenditure pools totalling approximately \$78,357 which may be deducted against future taxable income on a discretionary basis.

CHEMESIS INTERNATIONAL INC. (FORMERLY CANADIAN MINING CORP.)

Notes to the Consolidated Financial Statements

For the Years Ended June 30, 2018 and 2017

(Expressed in Canadian Dollars)

12. SUBSEQUENT EVENTS

- i) On July 17, 2018, the Company completed a reverse takeover transaction (“RTO”) with 1145411 B.C. Ltd. (“B.C. Ltd.”), pursuant to which the Company acquired all of the issued and outstanding shares of B.C. Ltd. in exchange for 46,807,559 common shares of the Company.

As the former shareholders of B.C. Ltd. owned a majority interest in the Company immediately after closing, the substance of the transaction, for accounting purpose, is a reverse merger. The transaction does not constitute a business combination as the Company 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 B.C. Ltd. being identified as the acquirer.

B.C. Ltd. is the owner of 100% of the issued and outstanding capital stock of Bonhomie Labs Inc., a California corporation (“Bonhomie”). Bonhomie is the owner of 51% of the issued and outstanding capital stock of SAP Global, a California corporation (“SAP”). SAP is the holder of various licenses and permits that allow it to legally operate cannabis businesses in the State of California.

- a) The shares issued to B.C. Ltd. were issued on a post-consolidation basis. Concurrent with the transaction, the Company changed its name to Chemesis International Inc. and started trading on the Canadian Securities Exchange (“CSE”) under the symbol “C.CSI”.
 - b) On July 18, 2018, the Company increased its ownership in SAP from 51% to 80% by agreeing to incur CDN \$700,000 of capital expenditures.
 - c) On July 18, 2018, the Company acquired the rights to intellectual property comprised of a trade name, domain name, and product technology by issuing a total of 664,637 common shares.
- ii) On July 27, 2018 the Company issued 4,800,000 stock options to directors, officers, and consultants of the Company. Each option is exercisable at \$1.00 for a period of 5 years.
 - iii) On August 21, 2018, the Company acquired a license related to the manufacture, distribution, and sale of cannabis products by issuing a total of 717,750 common shares.
 - iv) On August 24, 2018, the Company issued 300,000 common shares for consulting services.

SCHEDULE "H"

IMC INTERNATIONAL MINING CORP. – AUDITED FINANCIAL STATEMENTS

See attached.

IMC International Mining Corp.

Financial Statements

For the period from incorporation on August 30, 2018 to September 30, 2018

(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Board of Directors of IMC International Mining Corp.

We have audited the accompanying financial statements of IMC International Mining Corp., which comprise the statement of financial position as at September 30, 2018, and the statement of loss and comprehensive loss, statement of changes in equity and statement of cash flows for the for the period from incorporation on August 30, 2018 to September 30, 2018, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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 about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements present fairly, in all material respects, the financial position of IMC International Mining Corp. as at September 30, 2018, and its financial performance and its cash flows for the for the period from incorporation on August 30, 2018 to September 30, 2018 in accordance with International Financial Reporting Standards.

Vancouver, B.C.
December 10, 2018

"D&H Group LLP"

Chartered Professional Accountants

IMC International Mining Inc.
Statement of Financial Position
As at September 30
(Expressed in Canadian dollars)

	Note	2018
ASSETS		
Current Assets		
Cash		\$ 1
TOTAL ASSETS	5	\$ 1
SHAREHOLDER EQUITY		
Share capital	5	1
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		\$ 1

Going concern – Note 2

These financial statements were authorized for issue by the Board of Directors on December 10, 2018.

Approved on behalf of the Board of Directors:

“Brian Thurston”, Director

“Mike Aujla”, Director

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

IMC International Mining Inc.
Statement of Loss and Comprehensive Loss
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

Period ended
September 30, 2018

OPERATING EXPENSES -

NET AND COMPREHENSIVE LOSS FOR THE PERIOD \$ -

Loss per share, basic and diluted \$ -

Weighted average number of common shares outstanding 1

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

IMC International Mining Inc.
Statement of Changes in Equity
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

	Share Capital		Deficit	Total Equity
	Number	Amount		
		\$	\$	\$
August 30, 2018	-	-	-	-
Common share issued for cash	1	1	-	1
Loss and comprehensive loss for the period	-	-	-	-
September 30, 2018	1	1	-	1

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

IMC International Mining Inc.**Statement of Cash flows****For the period from incorporation on August 30, 2018 to September 30, 2018****(Expressed in Canadian dollars)**

	Period ended September 30, 2018
Cash (used in) provided by:	
FINANCING ACTIVITY:	
Proceeds from issuance of common shares	1
Cash provided by financing activity	1
Change in cash	1
Cash, beginning of period	-
Cash, end of period	\$ 1

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

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

IMC International Mining Inc. (the “Company” or “IMC”) was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement (“Arrangement”) with Chemesis International Inc. (“Chemesis”). IMC is currently a private Company. IMC’s head and principal business address are all located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4. IMC’s registered and records office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

See Note 10.

2. GOING CONCERN

The Company 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 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 financial statements have been prepared on a historical cost basis. In addition, these 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 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”).

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

3.1. Basis of measurement

These 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 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 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.

There are no areas which require management to make significant judgments, estimates and assumptions.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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 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.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

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.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

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.

4.9 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.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

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

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 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 loss in the period in which they arise.

(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. 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 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.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

(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. Gains and losses on derecognition are generally recognized in the statements of loss.

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 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 financial statements.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

5. EQUITY

5.1 Authorized Share Capital

Unlimited number of common shares with no par value.

5.2 Shares Issued

Shares issued and outstanding as at September 30, 2018 is 1 Class A common share.

During the period ended September 30, 2018, the following share transaction occurred:

- i. On August 30, 2018, the Company incorporated and issued 1 Class A common share at a price of \$1 per share for gross proceeds of \$1.

6. 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.

7. INCOME TAXES

During the period ended September 30, 2018, the Company incurred no deductible temporary differences or unused tax losses which may be carried forward and applied against taxable income in future years.

8. 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.

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

9. RISK MANAGEMENT

9.1 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 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 September 30, 2018, the Company's working capital is \$1, 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 September 30, 2018, the Company has a cash of \$1 and no liabilities.

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.

9.2 Fair Values

The carrying values of cash and accounts payable 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).

IMC International Mining Inc.
Notes to the Financial Statements
For the period from incorporation on August 30, 2018 to September 30, 2018
(Expressed in Canadian dollars)

10. SUBSEQUENT EVENTS

On November 29, 2018, Chemesis and the Company have agreed to proceed with a reorganization transaction by way of a plan of arrangement (“Arrangement”) whereby, Chemesis will undertake a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”) to IMC.

Commencing at the date of execution, each of the events set out below shall occur and shall be deemed to occur in the following sequence:

- a) Each Chemesis common share where a shareholder has exercised dissent rights shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis
- b) Chemesis will transfer all of the issued and outstanding common shares of its wholly owned subsidiary, Canadian Mining of Arizona Inc. (“CMCA”), to IMC in exchange for 3,246,625 IMC common shares.
- c) Each Chemesis stock option and share purchase warrant as of November 29, 2018 (“Record Date”) which has not been duly exercised or cancelled will be deemed to be exchanged for:
 - i. one fully-vested replacement Chemesis stock option or share purchase warrant (“Replacement unit”). Each Replacement Unit will have identical terms, exercise price and expiry date as the original stock options and warrants replaced; and
 - ii. one-twentieth of one fully-vested IMC stock option and share purchase warrant (“IMC Replacement Unit”). Each IMC Replacement Unit will be governed by the terms of the IMC Plan and will have the same exercise price and expiry date as the related Chemesis stock options and share purchase warrants:

Chemesis will distribute the IMC Shares to the holders of Chemesis Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Share for each Chemesis Common Share, held as at the Record Date, as a return of stated capital and reduction of paid-up capital for income tax purposes.

After completion of the arrangement, IMC will own 100% of CMCA along with the assets of the Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development Company and will continue to advance its Bullard Pass Property and seek other mining assets.

SCHEDULE "F"
CARVE-OUT FINANCIAL STATEMENTS

See attached.

Chemesis International Inc. – IMC Mining Business

Carve-Out Consolidated Financial Statements

For the years ended June 30, 2018 and 2017
(Expressed in Canadian Dollars)



Independent Auditor's Report

To the Board of Directors of Chemesis International Inc. - IMC Mining Business

We have audited the accompanying carve-out consolidated financial statements of Chemesis International Inc. - IMC Mining Business, which comprise the carve-out consolidated statements of financial position as at June 30, 2018, and the carve-out consolidated statements of loss and comprehensive loss, and the carve-out consolidated statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Carve-Out Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these carve-out consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of carve-out 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 carve-out 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 about whether the carve-out consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the carve-out consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the carve-out 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 carve-out 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 carve-out 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 carve-out consolidated financial statements present fairly, in all material respects, the financial position of Chemesis International Inc. - IMC Mining Business as at June 30, 2018, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Other Matter

The carve-out consolidated financial statements of Chemesis International Inc. - IMC Mining Business for the year ended June 30, 2017 were audited by another auditor who expressed an unmodified opinion on those statements on October 31, 2017.

Vancouver, B.C.
December 10, 2018

"D&H Group LLP"

Chartered Professional Accountants

Chemesis International Inc. - IMC Mining Business
Carve-Out Consolidated Statements of Financial Position
As at June 30
(Expressed in Canadian dollars)

	Notes	2018	2017
ASSETS			
Current Assets			
Cash		\$ 537,972	\$ 1,016,593
Prepaid expense		-	389
Loan receivable	5	26,212	-
		564,184	1,016,982
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	78,357	16,243
TOTAL ASSETS		\$ 642,541	\$ 1,033,225
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ -	\$ 246,059
Related party advances	7	-	108,308
Total liabilities		-	354,367
SHAREHOLDER EQUITY			
Contributions from Chemesis International Inc.	1, 11	1,019,927	1,019,927
Contributed surplus	1, 11	410,854	410,854
Deficit		(788,240)	(751,923)
Total shareholder equity		642,541	678,858
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		\$ 642,541	\$ 1,033,225

Reorganization and Going concern – Note 1

These financial statements were authorized for issue by the Board of Directors on December 10, 2018.

Approved on behalf of the Board of Directors:

“Brian Thurston”, Director

“Aman Parmar”, Director

The accompanying notes are an integral part of these Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Carve-Out Consolidated Statements of Loss and Comprehensive Loss
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

	Year ended June 30, 2018	Year ended June 30, 2017
OPERATING EXPENSES		
Office and administration	\$ -	\$ 20
Exploration costs	5,140	-
Professional fees	7,000	22,140
Consulting fees	25,389	107,600
Exchange and filing fees	-	17,305
Share-based payments	-	399,850
	(37,529)	(546,915)
Other income (expense)		
Interest income	1,212	-
Gain on foreign exchange	-	1,517
Plan of arrangement costs	-	(206,525)
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ (36,317)	\$ (751,923)

The accompanying notes are an integral part of these Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Carve-Out Consolidated Statements of Cash flows
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

	June 30, 2018	June 30, 2017
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net loss for the period	\$ (36,317)	\$ (751,923)
Add items not affecting cash:		
Share-based payments	-	399,850
Changes in non-cash working capital items		
Prepaid expense	389	(389)
Loan receivable	(26,212)	-
Accounts payable and accrued liabilities	(246,059)	246,059
Net cash used in operating activities	(308,199)	(106,403)
INVESTING ACTIVITY:		
Exploration and evaluation	(62,114)	(4,710)
Cash provided by investing activity	(62,114)	(4,710)
FINANCING ACTIVITIES:		
Contributions from Chemesis International Inc.	-	1,019,398
Cash received (repaid to) by related parties	(108,308)	108,308
Cash provided by financing activities	(108,308)	1,127,706
Change in cash	(478,621)	1,016,593
Cash, beginning of period	1,016,593	-
Cash, end of period	\$ 537,972	\$ 1,016,593

The accompanying notes are an integral part of these Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

1. REORGANIZATION AND GOING CONCERN

On August 30, 2018, IMC International Mining Corp. (“IMC”) was incorporated. All outstanding shares are currently held by a director of Chemesis International Inc. (“Chemesis”).

Chemesis is in the process of completing a business reorganization, described in Note 11, that will ultimately result in a spin-out of its mining operations and all mineral assets held to IMC.

These “carve-out” consolidated financial statements of Chemesis International Inc. – IMC Mining Business (the “Business”) reflect the financial position, financial performance, and cash flows of the IMC Mining business of Chemesis International Inc.

The Business has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or debt financing on terms which are acceptable to it.

These carve-out consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Business 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 Business’ ability to continue as a going concern.

2. NATURE OF OPERATIONS

The Business is engaged in the exploration of mineral properties in Arizona, U.S.A. The Business considers itself to be an exploration stage business.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for unproven mineral interests is dependent upon the discovery of economically recoverable reserves, receipt of necessary permits and regulatory approvals, ability of the Business to obtain financing to complete their development, and future profitable operations or sale of the properties. The investment in and expenditures on unproven mineral interests comprise a significant portion of the Business’ assets.

3. BASIS OF PRESENTATION

These carve-out financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

3.1. Basis of measurement

All references to dollar amounts in these carve-out consolidated financial statements and related notes are in Canadian dollars, unless otherwise indicated. These carve-out consolidated financial statements have been prepared on a historical cost basis.

3.2. Significant judgments, estimates and assumptions

The preparation of these carve-out 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 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.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Going concern

The assessment of the Business' ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation assets and impairment

The Business is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Business is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely and exploration and evaluation assets should be impaired. Management has assessed impairment indicators on the Business' exploration and evaluation assets and has concluded that no impairment indicators existed as of June 30, 2018 and 2017.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Exploration and Evaluation Assets

(i) Pre-license costs:

Costs incurred before the Business has obtained the legal right to explore are expensed as incurred.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

(ii) Exploration and evaluation assets:

Once the legal right to explore has been acquired, exploration and evaluation expenditures are capitalized as incurred, unless future economic benefit is not expected to be realized. The Business capitalizes, on a property by property basis, the costs of acquiring, maintaining its interest in, and exploring and evaluating mineral assets until such time as the lease expires, it is abandoned, sold or considered impaired in value. Indirect administrative costs are expensed as incurred. Exploration and evaluation assets are not depreciated during the exploration and evaluation stage.

Recovery of capitalized costs is dependent on successful development of economic mining operations or the disposition of the related mineral property.

Although the Business has taken steps to verify title to mineral assets in which it has an interest, these procedures do not guarantee the Business' title. Such assets may be subject to prior agreements or transfers, non-compliance with regulatory requirements or title may be affected by undetected defects.

4.2 Decommissioning and Restoration

The Business is subject to various governmental laws and regulations relating to the protection of the environment. The environmental regulations are continually changing and are generally becoming more restrictive.

Decommissioning and restoration obligations encompass legal, statutory, contractual or constructive obligations associated with the retirement of a long-lived tangible asset (for example, mine reclamation costs) that results from the acquisition, construction, development and/or normal operation of a long-lived asset. The retirement of a long-lived asset is reflected by an other-than-temporary removal from service, including sale of the asset, abandonment or disposal in some other manner.

The fair value of a liability for decommissioning and restoration is recorded in the period in which the obligation first arises. The Business records the estimated present value of future cash flows associated with site closure and reclamation as a long-term liability and increases the carrying value of the related assets for that amount. Over time, the liability is increased to reflect an interest element in the estimated future cash flows (accretion expense) considered in the initial measurement of fair value. The capitalized cost is depreciated on either the unit-of-production basis or the straight-line basis, as appropriate. The Business' estimates of its provision for decommissioning and restoration obligations could change as a result of changes in regulations, changes to the current market-based discount rate, the extent of environmental remediation required, and the means of reclamation or cost estimates. Changes in estimates are accounted for in the period in which these estimates are revised.

As at June 30, 2018, the Business has determined that it does not have any decommissioning and restoration obligations related to current or former operations.

4.3 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.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

4.4 Provisions

Liabilities are recognized when the Business 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.

4.5 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 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 Business 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 Business 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.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

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.

4.6 Share-based Payments

Share-based payment arrangements in which the Business 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 Business 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 assets, 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.

4.7 Financial Instruments

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

(i) Classification

The Business 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 Business determines the classification of financial assets at initial recognition. The classification of debt instruments is driven by the Business' 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 Business 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 Business has opted to measure them at FVTPL.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

(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 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 loss in the period in which they arise.

(iii) Impairment of financial assets at amortized cost.

The Business recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost. At each reporting date, the Business 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. If at the reporting date, the financial asset has not increased significantly since initial recognition, the Business measures the loss allowance for the financial asset at an amount equal to the twelve month expected credit losses. The Business shall recognize in the statements of 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 Business 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. Gains and losses on derecognition are generally recognized in the statements of loss.

4.8 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.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

4.9 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 Business, 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 Business does not anticipate the adoption of this standard to have a significant impact on the Business’ financial statements.

5. LOAN RECEIVABLE

During the year ended June 30, 2018, the Business entered into a letter of intent (“LOI”) with Crust Resources Corp. (“Crust”). In connection with the LOI, the Business loaned Crust \$25,000. The loan accrues interest at 5% per year, calculated annually.

	June 30, 2018
Crust	\$ 25,000
Accrued interest	<u>1,212</u>
Balance, June 30, 2018	<u>\$ 26,212</u>

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Business has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United states.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the years ending June 30, 2018 and 2017 are as follows:

	Amount (\$)
Balance at June 30, 2016	11,533
Additions during the year:	
Claim fees	4,710
Balance at June 30, 2017	16,243
Additions during the period	
Claim fees	62,114
Balance at June 30, 2018	78,357

7. RELATED PARTY ADVANCES

During the year ended June 30, 2018, the Business repaid \$108,308 (2017 - \$nil) to Canadian Zeolite Corp., a corporation with directors in common.

8. INCOME TAXES

As at June 30, 2018, the Business has available mineral resource related expenditure pools totalling approximately \$78,357 which may be deducted against future taxable income on a discretionary basis.

Management believes that sufficient uncertainty exists regarding the realization of certain future income tax assets and that a full valuation allowance is required.

9. MANAGEMENT OF CAPITAL

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

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

The Business 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 Business will be able to obtain debt or equity capital in the case of working capital deficits.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

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

10. RISK MANAGEMENT

10.1 Financial Risk Management

The Business 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 Business' 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 Business is exposed are described below.

a. Capital Risk

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

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Business. The Business is not exposed to credit risk.

c. Liquidity Risk

Liquidity risk is the risk that the Business is not able to meet its financial obligations as they fall due. As at June 30, 2018, the Business' working capital is \$564,184, and it does not have any long-term monetary liabilities. The Business 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 Business or at all. Any equity offering will result in dilution to the ownership interests of the Business' shareholders and may result in dilution to the value of such interests. The Business' 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 Business has cash of \$537,972, loan receivable of \$26,212 and no liabilities.

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 Business is not exposed to these risks.

10.2 Fair Values

The carrying values of cash and accounts payable 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.

Chemesis International Inc. - IMC Mining Business
Notes to the Carve-Out Consolidated Financial Statements
For the years ended June 30, 2018 and 2017
(Expressed in Canadian dollars)

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).

11. SUBSEQUENT EVENT

- i) On November 29, 2018, Chemesis and the Business have agreed to proceed with a reorganization transaction by way of a plan of arrangement (“Arrangement”) whereby, Chemesis will undertake a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”) to IMC.

Commencing at the date of execution, each of the events set out below shall occur and shall be deemed to occur in the following sequence:

- a) Each Chemesis common share where a shareholder has exercised dissent rights shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis
- b) Chemesis will transfer all of the issued and outstanding common shares of its wholly owned subsidiary, Canadian Mining of Arizona Inc. (“CMCA”), to IMC in exchange for 3,246,625 IMC common shares.
- c) Each Chemesis stock option and share purchase warrant as of November 29, 2018 (“Record Date”) which has not been duly exercised or cancelled will be deemed to be exchanged for:
- i. one fully-vested replacement Chemesis stock option or share purchase warrant (“Replacement unit”). Each Replacement Unit will have identical terms, exercise price and expiry date as the original stock options and warrants replaced; and
 - ii. one-twentieth of one fully-vested IMC stock option and share purchase warrant (“IMC Replacement Unit”). Each IMC Replacement Unit will be governed by the terms of the IMC Plan and will have the same exercise price and expiry date as the related Chemesis stock options and share purchase warrants:

Chemesis will distribute the IMC Shares to the holders of Chemesis Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Share for each Chemesis Common Share, held as at the Record Date, as a return of stated capital and reduction of paid-up capital for income tax purposes.

After completion of the Arrangement, IMC will own 100 % of CMCA along with the assets of The Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assets.

Chemesis International Inc. - IMC Mining Business

Interim Carve-Out Consolidated Financial Statements

For the three months ended September 30, 2018
(Expressed in Canadian Dollars)

Chemesis International Inc. - IMC Mining Business
Interim Carve-Out Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

	Notes	September 30, 2018 (unaudited)	June 30, 2018 (audited)
ASSETS			
Current Assets			
Cash		\$ 503,010	\$ 537,972
Loan receivable	5	\$ 26,515	\$ 26,212
		529,525	564,184
NON-CURRENT ASSETS			
Exploration and evaluation assets	6	113,319	78,357
TOTAL ASSETS		\$ 642,844	\$ 642,541
LIABILITIES			
Current			
Accounts payable and accrued liabilities		\$ -	\$ -
SHAREHOLDER EQUITY			
Contributions from Chemesis International Inc.	1, 9	1,019,927	1,019,927
Contributed surplus	1, 9	410,854	410,854
Deficit		(787,937)	(788,240)
Total shareholder equity		642,844	642,541
TOTAL LIABILITIES AND SHAREHOLDER EQUITY		\$ 642,844	\$ 642,541

Reorganization and Going concern – Note 1

These financial statements were authorized for issue by the Board of Directors on December 10, 2018.

Approved on behalf of the Board of Directors:

“Brian Thurston”, Director

“Aman Parmar”, Director

The accompanying notes are an integral part of these Interim Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Interim Carve-Out Consolidated Statements of Profit (Loss) and Comprehensive Profit (Loss)
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	Three months ended September 30, 2018	Three months ended September 30, 2017
OPERATING EXPENSES		
Exploration costs	\$ -	\$ 4,405
Professional fees	-	7,000
Consulting fees	-	25,389
		(36,794)
Other income (expense)		
Interest income	303	303
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	\$ 303	\$ (36,491)

The accompanying notes are an integral part of these Interim Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Carve-Out Consolidated Statements of Cash flows
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

	September 30, 2018	September 30, 2017
Cash (used in) provided by:		
OPERATING ACTIVITIES		
Net profit (loss) for the period	\$ 303	\$ (36,491)
Changes in non-cash working capital items		
Prepaid expense	-	389
Loan receivable	(303)	(303)
Accounts payable and accrued liabilities	-	(246,059)
Net cash used in operating activities	-	(282,464)
INVESTING ACTIVITY:		
Exploration and evaluation	(34,962)	(62,114)
Cash used in investing activity	(34,962)	(62,114)
FINANCING ACTIVITY:		
Cash repaid to related parties	-	(108,308)
Cash used in financing activities	-	(108,308)
Change in cash	(34,962)	(452,886)
Cash, beginning of period	537,972	1,016,593
Cash, end of period	\$ 503,010	\$ 563,707

The accompanying notes are an integral part of these Interim Carve-Out Consolidated financial statements.

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

1. REORGANIZATION AND GOING CONCERN

On August 30, 2018, IMC International Mining Corp. (“IMC”) was incorporated. All outstanding shares are currently held by a director of Chemesis International Inc. (“Chemesis”).

Chemesis is in the process of completing a business reorganization, described in Note 9, that will ultimately result in a spin-out of its mining operations and all mineral assets held to IMC.

These “carve-out” consolidated financial statements of Chemesis International Inc. – IMC Mining Business (the “Business”) reflect the financial position, financial performance, and cash flows of the IMC Mining business of Chemesis International Inc.

The Business has no current source of operating revenue and is accordingly dependent upon the receipt of equity and/or debt financing on terms which are acceptable to it.

These carve-out consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Business 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 Business’ ability to continue as a going concern.

2. NATURE OF OPERATIONS

The Business is engaged in the exploration of mineral properties in Arizona, U.S.A. The Business considers itself to be an exploration stage business.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration and development programs will result in profitable mining operations. The recoverability of amounts shown for unproven mineral interests is dependent upon the discovery of economically recoverable reserves, receipt of necessary permits and regulatory approvals, ability of the Business to obtain financing to complete their development, and future profitable operations or sale of the properties. The investment in and expenditures on unproven mineral interests comprise a significant portion of the Business’ assets.

3. BASIS OF PRESENTATION

These carve-out financial statements were prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial statements as issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretation Committee (“IFRIC”).

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

3.1. Basis of measurement

All references to dollar amounts in these interim carve-out consolidated financial statements and related notes are in Canadian dollars, unless otherwise indicated. These interim carve-out consolidated financial statements have been prepared on a historical cost basis.

3.2. Significant judgments, estimates and assumptions

The preparation of these carve-out 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 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.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to:

(i) Going concern

The assessment of the Business' ongoing viability as an operating entity and determination of the related disclosures require significant judgment.

(ii) Exploration and evaluation assets and impairment

The Business is required to make significant judgments regarding the capitalization of the costs incurred in respect to its exploration and evaluation assets. The Business is also required to make significant judgments on the ongoing feasibility of mineral exploration, and whether there are indicators that the development of a specific area is unlikely, and exploration and evaluation assets should be impaired. Management has assessed impairment indicators on the Business' exploration and evaluation assets and has concluded that no impairment indicators existed as of June 30, 2018 and 2017.

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

4. SIGNIFICANT ACCOUNTING POLICIES

These interim carve-out consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Business' audited annual carve-out financial statements for the fiscal year ended June 30, 2018.

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 Business, 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 Business does not anticipate the adoption of this standard to have a significant impact on the Business' financial statements.

5. LOAN RECEIVABLE

During the year ended June 30, 2018, the Business entered into a letter of intent ("LOI") with Crust Resources Corp. ("Crust"). In connection with the LOI, the Business loaned Crust \$25,000. The loan accrues interest at 5% per year, calculated annually.

	2018
Crust	\$ 25,000
Accrued interest	<u>1,515</u>
Balance, September 30, 2018	\$ 26,515

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

The Business has 171 mineral claims in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona, United states.

A summary of the capitalized acquisition and exploration expenditures and accumulated totals for the three months ending September 31, 2018 are as follows:

	Amount (\$)
Balance at June 30, 2017	16,243
Additions during the period	
Claim fees	62,114
Balance at June 30, 2018	78,357
Additions during the period	
Claim fees	34,962
Balance at September 30, 2018	113,319

7. MANAGEMENT OF CAPITAL

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

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

The Business 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 Business will be able to obtain debt or equity capital in the case of working capital deficits.

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

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

8. RISK MANAGEMENT

8.1 Financial Risk Management

The Business 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 Business' 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 Business is exposed are described below.

a. Capital Risk

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

b. Credit Risk

Credit risk is the risk that a counter party will be unable to pay any amounts owed to the Business. The Business is not exposed to credit risk.

c. Liquidity Risk

Liquidity risk is the risk that the Business is not able to meet its financial obligations as they fall due. As at September 30, 2018, the Business' working capital is \$529,525, and it does not have any long-term monetary liabilities. The Business 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 Business or at all. Any equity offering will result in dilution to the ownership interests of the Business' shareholders and may result in dilution to the value of such interests. The Business' approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at September 30, 2018, the Business has cash of \$503,010, loan receivable of \$26,515 and no liabilities.

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 Business is not exposed to these risks.

8.2 Fair Values

The carrying values of cash and accounts payable 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).

Chemesis International Inc. - IMC Mining Business
Notes to the Interim Carve-Out Consolidated Financial Statements
For the three months ended September 30, 2018 and 2017
(Unaudited - Expressed in Canadian dollars)

9. SUBSEQUENT EVENT

- i) On November 29, 2018, Chemesis and the Business have agreed to proceed with a reorganization transaction by way of a plan of arrangement (“Arrangement”) whereby, Chemesis will undertake a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”) to IMC.

Commencing at the date of execution, each of the events set out below shall occur and shall be deemed to occur in the following sequence:

- a) Each Chemesis common share where a shareholder has exercised dissent rights shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis
- b) Chemesis will transfer all of the issued and outstanding common shares of its wholly owned subsidiary, Canadian Mining of Arizona Inc. (“CMCA”), to IMC in exchange for 3,246,625 IMC common shares.
- c) Each Chemesis stock option and share purchase warrant as of November 29, 2018 (“Record Date”) which has not been duly exercised or cancelled will be deemed to be exchanged for:
- i. one fully-vested replacement Chemesis stock option or share purchase warrant (“Replacement unit”). Each Replacement Unit will have identical terms, exercise price and expiry date as the original stock options and warrants replaced; and
 - ii. one-twentieth of one fully-vested IMC stock option and share purchase warrant (“IMC Replacement Unit”). Each IMC Replacement Unit will be governed by the terms of the IMC Plan and will have the same exercise price and expiry date as the related Chemesis stock options and share purchase warrants:

Chemesis will distribute the IMC Shares to the holders of Chemesis Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Share for each Chemesis Common Share, held as at the Record Date, as a return of stated capital and reduction of paid-up capital for income tax purposes.

After completion of the Arrangement, IMC will own 100 % of CMCA along with the assets of The Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assts.

SCHEDULE "J"
PRO FORMA FINANCIAL STATEMENTS

See attached.

IMC International Mining Corp.

Pro Forma Financial Statements

For the year ended June 30, 2018

(Unaudited - Expressed in Canadian Dollars)

IMC International Mining Inc.
Pro Forma Statement of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at	IMC International Mining Corp. June 30, 2018 (unaudited)	Carve-Out Chemesis International Inc. – IMC Mining Business June 30, 2018 (audited)	Pro Forma Adjustments	Note	Pro Forma Consolidated Balance June 30, 2018
ASSETS					
Current Assets					
Cash	\$ -	\$ 537,972	\$ (537,972)	4	\$ 1
			1	4	
Loan receivable	-	26,212	(26,212)	4	-
	-	564,184	(564,183)		1
NON-CURRENT ASSETS					
Mineral property interests	-	78,357	-		78,357
TOTAL ASSETS	\$ -	\$ 642,541	\$ (564,183)		\$ 78,358
LIABILITIES					
Current					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 60,000	4	\$ 60,000
SHAREHOLDER EQUITY					
Share capital	-	-	1	4	1
Contributions from Chemesis International Inc.	-	1,019,927	(1,019,927)	4	78,357
			78,357	4	
Contributed surplus	-	410,854	(410,854)	4	-
Deficit	-	(788,240)	788,240	4	(60,000)
			(60,000)	4	
Total equity	-	642,541	(624,183)		18,358
TOTAL LIABILITIES AND SHAREHOLDER EQUITY	\$ -	\$ 642,541	\$ (564,183)		\$ 78,358

IMC International Mining Inc.
Pro Forma Statement of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars)

	IMC International Mining Corp. (unaudited) for the period ended June 30, 2018	Carve-Out Chemesis International Inc. – IMC Mining Business (audited) for the period ended June 30, 2018	Pro Forma Adjustments	Note	Pro Forma Consolidated Balance for the period ended June 30, 2018
OPERATING EXPENSES					
Exploration costs	-	5,140	(5,140)		-
Professional fees	-	7,000	(7,000)		60,000
			60,000	4	
Consulting fees	-	25,389	(25,389)		-
	-	(37,529)	(22,471)		(60,000)
Other income (expense)					
Interest income	-	1,212	(1,212)		-
NET AND COMPREHENSIVE					
LOSS FOR THE PERIOD					
	-	(36,317)	-	(23,683)	\$ (60,000)

IMC International Mining Inc.
Notes to the Financial Statements
For the year ended June 30, 2018
(Unaudited - Expressed in Canadian dollars)

1. BASIS OF PRESENTATION

IMC International Mining Inc. (the “Company” or “IMC”) was incorporated under the laws of British Columbia on August 30, 2018, for the purposes of a plan of arrangement (“Arrangement”) with Chemesis International Inc. (“Chemesis”). IMC is currently a private Company. IMC’s head and principal business address are all located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4. IMC’s registered and records office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Chemesis and IMC propose to enter into the Arrangement whereby the Chemesis will spin out its wholly owned subsidiary, Canadian Mining of Arizona Inc. (“CMCA”) which holds various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”) to IMC (Note 3).

After completion of the Arrangement, IMC will own 100% CMCA along with the assets of the Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assets.

The unaudited pro forma consolidated financial statements of IMC have been prepared by management for inclusion in the Information Circular of Chemesis dated December 10, 2019. They are prepared in accordance with the recognition and measurement requirements of International Financial Reporting Standards (“IFRS”), for illustrative purposes only, after giving effect to the Arrangement. The unaudited pro forma statement of financial position has been prepared from information derived from and should be read in conjunction with the unaudited carve-out financial statements of IMC as at June 30, 2018. The unaudited pro forma statement of financial position is intended to reflect the financial position of the Company as if the transaction had been effected on July 1, 2017.

The unaudited pro forma statement of loss and comprehensive loss is intended to reflect the results of operations of the Company as if the transaction had been effected on July 1, 2017. The unaudited pro forma financial statements are not necessarily indicative of the financial position or results of operations which would have occurred if the transaction had occurred on June 30, 2018 or July 1, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

The unaudited pro-forma financial statements have been compiled using the significant accounting policies as set out in note 4 of the carve-out financial statements of the Company for the year ended June 30, 2018.

3. PLAN OF ARRANGEMENT

On November 29, 2018, Chemesis and the Business have agreed to proceed with a reorganization transaction by way of a plan of arrangement (“Arrangement”) whereby, Chemesis will undertake a reorganization and spin-out of various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “Bullard Pass Property”) to IMC.

Commencing at the date of execution, each of the events set out below shall occur and shall be deemed to occur in the following sequence:

IMC International Mining Inc.
Notes to the Financial Statements
For the year ended June 30, 2018
(Unaudited - Expressed in Canadian dollars)

- a) Each Chemesis common share where a shareholder has exercised dissent rights shall be deemed to have been repurchased by Chemesis for cancellation in consideration for a debt-claim against Chemesis
- b) Chemesis will transfer all of the issued and outstanding common shares of its wholly owned subsidiary, CMCA, to IMC in exchange for 3,246,625 IMC common shares.
- c) Each Chemesis stock option and share purchase warrant as of November 29, 2018 (“Record Date”) which has not been duly exercised or cancelled will be deemed to be exchanged for:
 - i. one fully-vested replacement Chemesis stock option or share purchase warrant (“Replacement unit”). Each Replacement Unit will have identical terms, exercise price and expiry date as the original stock options and warrants replaced; and
 - ii. one-twentieth of one fully-vested IMC stock option and share purchase warrant (“IMC Replacement Unit”). Each IMC Replacement Unit will be governed by the terms of the IMC Plan and will have the same exercise price and expiry date as the related Chemesis stock options and share purchase warrants:

Chemesis will distribute the IMC Shares to the holders of Chemesis Common Shares (other than a Dissenting Shareholder) on the basis of one-twentieth of one IMC Share for each Chemesis Common Share, held as at the Record Date, as a return of stated capital and reduction of paid-up capital for income tax purposes.

After completion of the Arrangement, IMC will own 100 % of CMCA along with the assets of The Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assts.

4. PRO FORMA

The unaudited pro-forma balance sheet as at June 30, 2018 gives effect to the following assumptions and adjustments:

- i. On August 30, 2018, IMC was incorporated and issued 1 Class A common share at a price of \$1 per share for gross proceeds of \$1;
- ii. The estimated professional fees to complete this plan of arrangement total \$60,000;
- iii. Contributions from Chemesis consist of the capitalized exploration and evaluation assets carved out of Chemesis and moved into IMC; and
- iv. The “carve-out” Chemesis International Inc. – IMC Mining Business reflect the financial position and financial performance of the IMC Mining business of Chemesis International Inc. All balances that are not actually being transferred to IMC have been removed to reflect the actual values in CMCA that are being transferred into the Company.

IMC International Mining Inc.
Notes to the Financial Statements
For the year ended June 30, 2018
(Unaudited - Expressed in Canadian dollars)

5. PRO FORMA SHARE CAPITAL

	Number of shares	Amount	Contributions from Chemesis
Opening balance, June 30, 2018			
Incorporation shares	1	\$ 1	\$ -
Transfer of CMCA from Chemesis in exchange for IMC shares, options and warrants	3,246,625	-	78,357
NET AND COMPREHENSIVE LOSS FOR THE PERIOD	3,246,626	\$ 1	\$ 78,357

The following stock options are outstanding pursuant to the arrangement:

Expiry date	Options	Amount
September 18, 2019	7,500	\$ 1.00
June 9, 2022	17,500	0.50
August 18, 2022	15,000	1.10
July 22, 2023	240,000	1.00
September 27, 2023	10,000	1.74
November 6, 2023	15,000	1.40
TOTAL	305,000	\$

The following share purchase warrants are outstanding pursuant to the arrangement:

Expiry date	Warrants	Amount
August 3, 2019	219,973	\$ 2.00
TOTAL	219,973	\$ 2.00

SCHEDULE “K”

INFORMATION CONCERNING CHEMESIS INTERNATIONAL INC.

The following information is provided by Chemesis and is reflective of the current business, financial and share capital position of Chemesis and includes certain information reflecting the status of Chemesis following the completion of the Arrangement. The following information should be read in conjunction with the disclosure provided in the management information circular to which this schedule is attached (the “Circular”). Unless otherwise indicated, all currency amounts are stated in Canadian dollars.

SUMMARY DESCRIPTION OF BUSINESS

Chemesis International Inc. (“**Chemesis**” or the “**Company**”) was incorporated as Canadian Zeolite Corp. (which name was subsequently changed to Canadian Mining Company Inc. and Canadian Mining Corp.) under the *BCBCA* on April 26, 2013. The head and registered office of the Company is located at 2710-200 Granville Street, Vancouver, British Columbia, V6C 1S4.

Chemesis is a public company and its Common Shares are listed on the Exchange trading under the symbol “CSI”. On July 16, 2018, the Company completed a reverse take-over transaction (the “**Transaction**”) by which it completed a change of business to the business of providing full service cultivation, manufacturing, harvesting, marketing and sales management services in relation to medical marijuana products (inclusive of cannabidiol, a non-psychoactive chemical compound found in cannabis) primarily in California. The Company, through 1145411 B.C. Ltd. (“**B.C. Ltd.**”) (and Bonhomie Labs Inc. (“**Bonhomie**”)), owns 51% of the common shares in the capital of SAP Global (“**SAP**”), which is the assignee of various entitlements that allow it to operate cannabis businesses in the State of California.

The principal business carried on by the Company is aimed at creating an international network of cannabis enterprises, with a specific focus on enterprises carrying on business in the California cannabis market. In connection with these plans, the Company has also entered into a memorandum of understanding with Natural Ventures, based in Puerto Rico, and has incorporated a new subsidiary in the state of California, Chemesis Puerto Rico LLC. With participation in these markets, the Company’s objective is to create revenues sufficient to finance expansion internationally in ancillary cannabis markets.

The Company currently holds a various interests in minerals located in the vicinity of the Harcuvar and Harquahala Mountains, Yavapai County, Arizona (the “**Bullard Pass Property**”). After completion of the Arrangement, IMC will own the Bullard Pass Property.

RECENT DEVELOPMENTS

None, other than the Arrangement.

BUSINESS OBJECTIVES

Chemesis will continue to develop the business of SAP and will be completing further expansion aimed at creating an international network of cannabis enterprises.

DOCUMENTS INCORPORATED BY REFERENCE

Information has been incorporated by reference in the Circular from documents filed with the various securities commissions or similar regulatory authorities in British Columbia, Alberta and Ontario. Copies of the documents incorporated herein by reference may be obtained on request without charge from Chemesis at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C1S4 (telephone: 604-398-3378), and are also available electronically under Chemesis’ profile on SEDAR at www.sedar.com. Chemesis’ filings through SEDAR are not incorporated by reference in the Circular, except as specifically set out herein.

The following documents filed by Chemesis with the securities commission or similar authorities in British Columbia, Alberta and Ontario are specifically incorporated by reference in, and form an integral part of, the Circular:

- (a) Chemesis’ audited annual consolidated financial statements as at and for the financial year ended June 30, 2018, together with the notes thereto;
- (b) Chemesis’ management’s discussion and analysis of financial condition and results of operations for the financial year ended June 30, 2018; and
- (c) Chemesis’ material change report dated July 26, 2018.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of the Circular to the extent that statement contained in the Circular or in any subsequently filed document that also is or is deemed to be incorporated by reference herein modifies or superseded such statement. Any statement so modified or superseded shall not constitute a part of the Circular, except as so modified or superseded. The modifying or superseding statement need not state that it has been modified or superseded a prior statement or include any other information set forth in the document that is modifies or supersedes. Making such a modifying or superseding statement shall not be deemed to be an admission or any purposes that the modified or superseded statement, when made, constituted a misrepresentation, untrue statement or a material fact, nor an omission to state a material fact that is required to be stated or necessary to make a statement no misleading in light of the circumstances in which it is made.

AUTHORIZED AND ISSUED SHARE CAPITAL

See “Record Date, Voting Securities and Principal Holders Thereof” in the attached Circular.

CHEMESIS SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets out selected consolidated financial information for the periods indicated and should be considered in conjunction with the more complete information contained in the consolidated financial statements of Chemesis for the year ended June 30, 2018 incorporated by reference in the Circular and filed on SEDAR at www.sedar.com. All currency amounts are stated in Canadian dollars and the financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).

	Year Ended June 30, 2018
Loss	(1,897,441)
Comprehensive loss	(1,878,008)
Basic and diluted loss per share	(0.15)
Total assets	3,394,448

CONSOLIDATED CAPITALIZATION

Other than described below under “Prior Sales”, there have not been any material changes in the share and loan capital of Chemesis since the date of Chemesis’ most recently filed June 30, 2018 financial statements. There will be no changes to Chemesis’ share and loan capital as a result of the Arrangement.

PRIOR SALES

Common Shares

The following table summarizes details of the Common Shares issued by Chemesis during the 12 month period prior to the date of the Circular.

Month of Issuance	Security ⁽⁶⁾	Price per Security (\$)	Number of Securities
April 28, 2017 ⁽³⁾	Common Shares	0.00	5,653,676
May 26, 2017 ⁽⁴⁾	Common Shares	0.09	11,004,967
June 19, 2017 ⁽¹⁾	Common Shares	0.09	230,000
June 23, 2017 ⁽¹⁾	Common Shares	0.09	40,000
August 4, 2017 ⁽⁵⁾	Common Shares	0.25	8,798,944
August 10, 2017 ⁽¹⁾	Common Shares	0.09	127,900
August 14, 2017 ⁽²⁾	Common Shares	0.25	200,000
July 17, 2018 ⁽⁷⁾	Common Shares	0.61	46,807,559
July 20, 2018 ⁽⁸⁾	Common Shares	0.55	664,637
August 21, 2018 ⁽⁹⁾	Common Shares	0.83	717,750
August 24, 2018 ⁽¹⁰⁾	Common Shares	0.84	300,000
September 20, 2018 ⁽¹⁰⁾	Common Shares	1.77	22,022
October 2, 2018 ⁽²⁾	Common Shares	1.10	50,000
October 9, 2018 ⁽¹⁰⁾	Common Shares	1.67	32,934
November 8, 2018 ⁽¹⁰⁾	Common Shares	1.74	15,026
November 21, 2018 ⁽¹⁰⁾	Common Shares	1.87	282,500
November 30, 2018 ⁽¹¹⁾	Common Shares	1.20	2,235,246

Notes:

- (1) These shares were issued as a result of the exercise of share purchase warrants.
- (2) These shares were issued as a result of the exercise of incentive stock options.
- (3) These shares were issued as part of an arrangement completed on February 17, 2017, pursuant to which the Company agreed to undertake a plan of arrangement under section 288 of the BCBCA with International Zeolite Corp.
- (4) These shares formed part of a private placement financing completed in May 2017.
- (5) These shares formed part of a private placement financing completed in August 2017.
- (6) On July 17, 2018, the Company completed a 2 for 1 stock consolidation; the number of Common Shares presented in this table is presented on a pre-stock consolidation basis.
- (7) These shares were issued pursuant to the reverse takeover transaction with 1145411 BC Ltd.
- (8) These shares were issued pursuant to the acquisition of licensed rights from SAP Global.
- (9) These shares were issued pursuant to the acquisition of Dessert Zen.
- (10) These shares were issued pursuant to consulting agreements.
- (11) These shares were issued in connection with the acquisition of Natural Ventures PR LLC.

Convertible Securities

The following table summarizes details of the stock options issued by Chemesis during the 12 month period prior to the date of the Circular.

Month of Issuance	Security	Price per Security (\$)	Number of Securities
June 2017	Options	0.50	350,000
August 2017	Options	1.10	300,000
July 2018	Options	1.00	4,800,000
September 2018	Options	1.00	150,000
September 2018	Options	1.74	200,000
November 6 2018	Options	1.40	300,000
			6,100,000

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the Canadian Securities Exchange (the “Exchange”) under the symbol “CSI”. Prior to July 17, 2018, the Common Shares were listed at the TSX Venture Exchange (the “TSXV”) under the symbol “CNG”. The following table sets forth information relating to the trading of the Common Shares on the TSXV from December 2017 to July 16, 2018 and information relating to the trading of the Common Shares on the Exchange from July 17, 2018 to December 10, 2018.

Month	High (\$)	Low (\$)	Volume
December 2017	0.33	0.33	n/a
January 2018	0.33	0.33	n/a
February 2018	0.33	0.33	n/a
March 2018	0.33	0.33	n/a
April 2018	0.33	0.33	n/a
May 2018	0.33	0.33	n/a
June 2018	0.33	0.33	n/a
July 1-16, 2018	0.33	0.33	n/a
July 17-31, 2018	0.73	0.48	3,844,476
August 2018	1.02	0.65	7,198,974
September 2018	1.31	1.18	5,438,248
October 2018	1.75	1.58	9,907,553
November 2018	1.47	1.31	3,239,080
December 1-10, 2018	1.40	0.92	409,734

At the close of business on December 10, 2018, the price of the Common Shares as quoted by the Exchange was \$0.94.

EXECUTIVE COMPENSATION

See “Statement of Executive Compensation” in the Circular.

INTEREST OF EXPERTS

D&H Group LLP, Chartered Professional Accountants, is the auditor of Chemiesis and is independent of Chemiesis within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

Patrick F. O’Hara, Ph.D. prepared the Bullard Pass Report (as defined in Schedule “L”). As of the date of the Circular, Mr. O’Hara does not own any of the issued and outstanding Common Shares.

SCHEDULE “L”

INFORMATION CONCERNING IMC INTERNATIONAL MINING CORP.

The following information is provided by IMC, is presented on a post-Arrangement basis and is reflective of the proposed business, financial and share capital position of IMC. Unless otherwise indicated, all currency amounts are stated in Canadian dollars. The following information should be read together with the unaudited Pro Forma Financial Statements, appended hereto as Schedule “J”, and the audited carve-out consolidated financial statements of the business of IMC (the “**IMC Business**”) appended hereto as Schedule “I”.

NAME AND INCORPORATION

IMC was incorporated under the BCBCA on August 30, 2018 for the purposes of the Arrangement. IMC is currently a private company. No material amendments have been made to IMC’s articles or other constating documents since its incorporation.

IMC’s head and principal business address are all located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4. IMC’s registered and records office address is located at Suite 2200, 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

GENERAL DESCRIPTION OF THE BUSINESS

After completion of the Arrangement, IMC will own the Bullard Pass Property. IMC intends to operate as a gold mineral exploration and development company and will continue to advance its Bullard Pass Property and seek other mining assets. See “Bullard Pass Property, Arizona – Recommendations” below for information on IMC’s proposed exploration program on the Bullard Pass Property.

INTERCORPORATE RELATIONSHIPS

IMC currently has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS – THREE YEAR HISTORY

IMC was incorporated on August 30, 2018 and has had no business operations to date.

SIGNIFICANT ACQUISITIONS AND DISPOSITIONS

IMC has not completed a financial year. The future operating results and financial position of IMC cannot be predicted.

TRENDS

Management is not aware of any trend, commitment, event or uncertainty that is both presently known to management and reasonably expected to have a material effect on IMC’s business, financial condition or results of operations as at the date of the Circular, except as otherwise disclosed herein or except in the ordinary course of business.

BULLARD PASS PROPERTY, ARIZONA

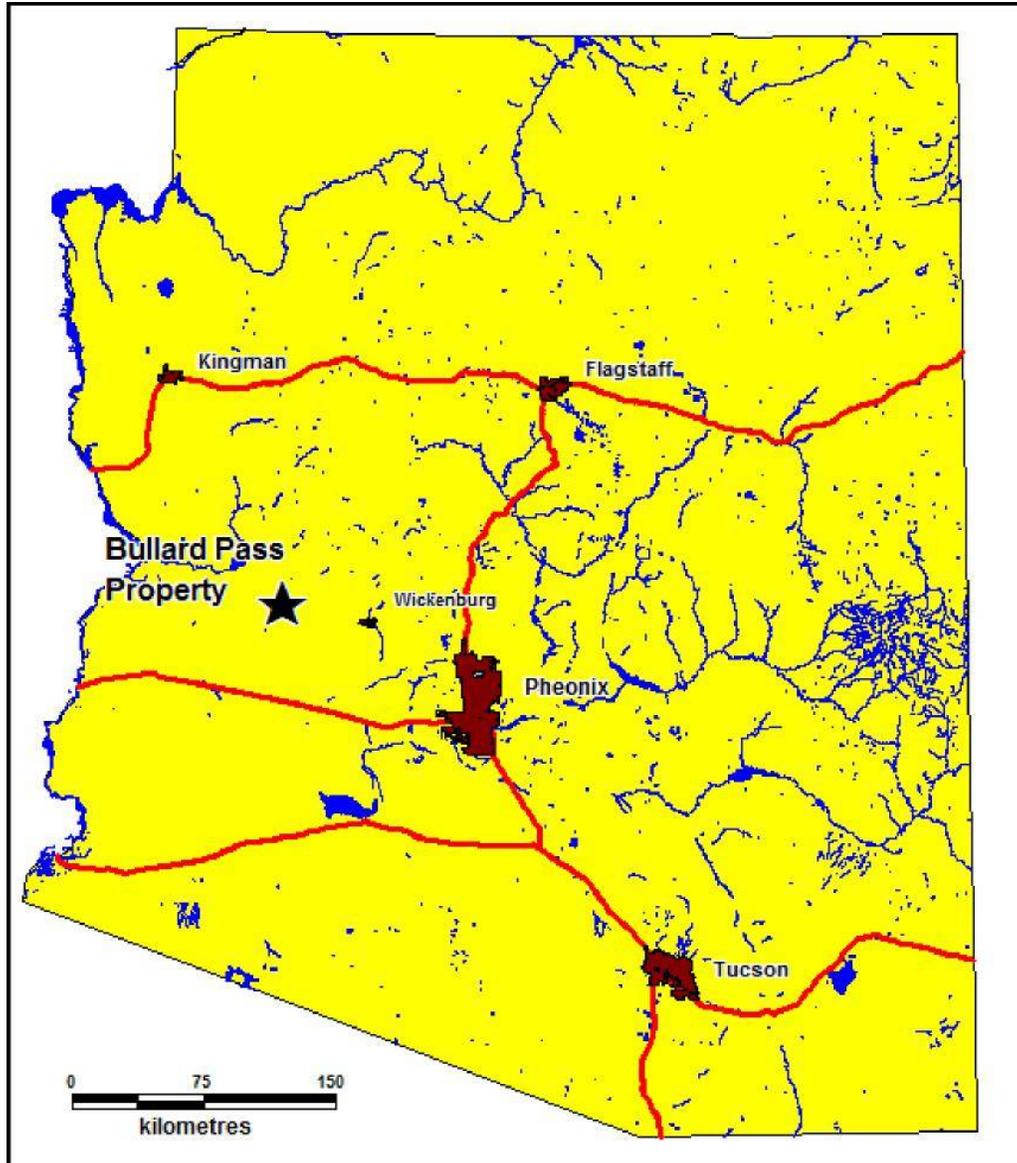
IMC’s only material property will be the Bullard Pass Property for which disclosure is provided below.

The following disclosure regarding the Bullard Pass Property is derived from the National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* (“**NI 43-101**”) compliant technical report dated October 16, 2018, prepared by Patrick F. O’Hara, Ph.D., titled “NI 43-101 Technical Report on the Bullard Pass Property, Wickenburg Area, Arizona, USA” with an effective date of October 16, 2018. (the “**Bullard Pass Report**”). The Bullard Pass Report is available under Chemesis’ profile on SEDAR www.sedar.com.

Patrick F. O'Hara, Ph.D., author of the Bullard Pass Report, is a qualified person for the purposes of NI 43-101, and has reviewed and approved the scientific and technical information contained herein related to the Bullard Pass Property.

Project Description and Location

The Bullard Pass property consists of 22 unpatented BLM claims totaling 454 acres in three small blocks: NW Block, SW Block and SE Block. The NAD 83 Zone 12 locations of the three blocks are: NW Block 289200E 3770822N, SW Block 288200E 3768900N and SE Block 291400E 3769000N.



Datum NAD 83 Zone 12

Figure 1. Location Map

The Bullard Pass property is in west-central Arizona within the Pierce mining district (Bullard mineral district; Keith and others, 1983) as illustrated in Figures 1 and Figure 2. The current claims lie with Sections 3, 9, 10, 12, 13, 14, 15, and 16 in Township 8 North, Range 10 West. They lie on the Prescott 1° x2° quadrangle, the Alamo Lake 30'x60' quadrangle, and the Smith Peak 7.5' quadrangle in southern Yavapai county, Arizona.

Table 1: List of Current Tenures

<u>Claim Name</u>	<u>BLM Serial Number</u>
DB 16	AMC 385418
DB 18	AMC 385420
DB 38 – 47	AMC 385440 – 385449
DB 64 – 69	AMC 385466 – 385471
DB 100 – 103	AMC 385502 – 385505
DB 1 – 15	AMC 445664 – 445678
DB 17	AMC 445679
DB 19 – 37	AMC 445680 – 445698
DB 48 – 63	AMC 445699 – 445714
DB 70 – 99	AMC 445715 – 445744
DB 104 – 171	AMC 445745 – 445812

The obligation to maintain unpatented federal mining claims is the annual assessment fee, currently standing at \$155 per claim. The fee is due by September 1 of each year. The fee has been paid to maintain the claims until September 1, 2019 as shown in Table 1.

Canadian Mining Company Inc. (CMIC) acquired a 100% interest in Canadian Mining of Arizona Inc. (CMAI) through a plan of arrangement dated February 17, 2017. CMAI held a 100% interest in the Bullard Pass claims. CMAI is became a 100% owned subsidiary of Canadian Zeolite Corp. As per the plan of arrangement, CMAI issued to Canadian Zeolite Corp. the equivalent number of common shares to the issued and outstanding of Canadian Zeolite Corp. at the Share Exchange Record Date divided by 5. These shares were then issued pro rate to the current Canadian Zeolite Corp. shareholders. The Bullard Pass claims are proposed to be indirectly transferred to IMC International Mining Corp. in early 2019. The surface rights on the unpatented claims are held by the Federal Government (US). The author is not aware of any impediments to legal access to the property. 171 unpatented mining claims currently comprise the Bullard Pass Property. The area of the unpatented claims is approximately 3,533 acres.

The unpatented mining claims are federal mineral rights and may be held as long as IMC International Mining Corp. pays the maintenance fees by August 31 of each calendar year. All surface disturbance-based permits are managed by the U.S. Bureau of Land Management. Potentially any surface disturbance that affects a stream or wash may require permitting by the U.S. Army Corp of Engineers through the navigable waterways legislation. Property boundaries of each of the federal unpatented mining claims were located using GPS and marked with a 2"x2"x5' wooden stake in accordance with federal and state regulations and guidelines.

To the best of the author's knowledge, the Bullard Pass property is not subject to any environmental liabilities.

A permit is required to undertaken mechanical exploration or drilling on the claim group. Application is made to BLM for the permit. A drilling permit will need to be obtained.

To the best of the author's knowledge, there are no undisclosed significant factors or risks that may affect access, title or the right or ability to perform work on the Bullard Pass property.

Accessibility, Climate, Local Resources, Infrastructure and Physiography

The Bullard Pass Property is accessible from Wickenburg, Arizona (Figure 2) by traveling west on U.S. 60 twenty-five miles to the town of Aguila. Eagle Eye Road crosses the railroad tracks in town and heads north for 3.6 miles where it intersects the county line road (Figure 2). Turn west on the county line road and drive 3.2 miles west to an unmarked road, heading roughly north. Take this road north 2.7 miles to a fork in the road with a U.S. Bureau of Land Management activities sign in a kiosk at the road intersection. Numerous dirt roads access the property from this location by driving northward on either of the two roads.

The property lies between elevations 2300 feet and 3100 feet within the northeast trending Harcuvar and Harquahala mountain ranges, with the claims lying on the south flank of the Harcuvar range. Pediment gravels cover most of the

area, with isolated bedrock outcrops forming low hills through the gravels. Vegetation is typical of the lower Sonoran Desert: saguaro cactus, prickly pear, brittlebush and other hardy plants.

The nearest town is Aguila, a town of 796 people. The local centre is Wickenburg 25 miles to the east with a population in excess of 6,363. Both towns are road accessible.

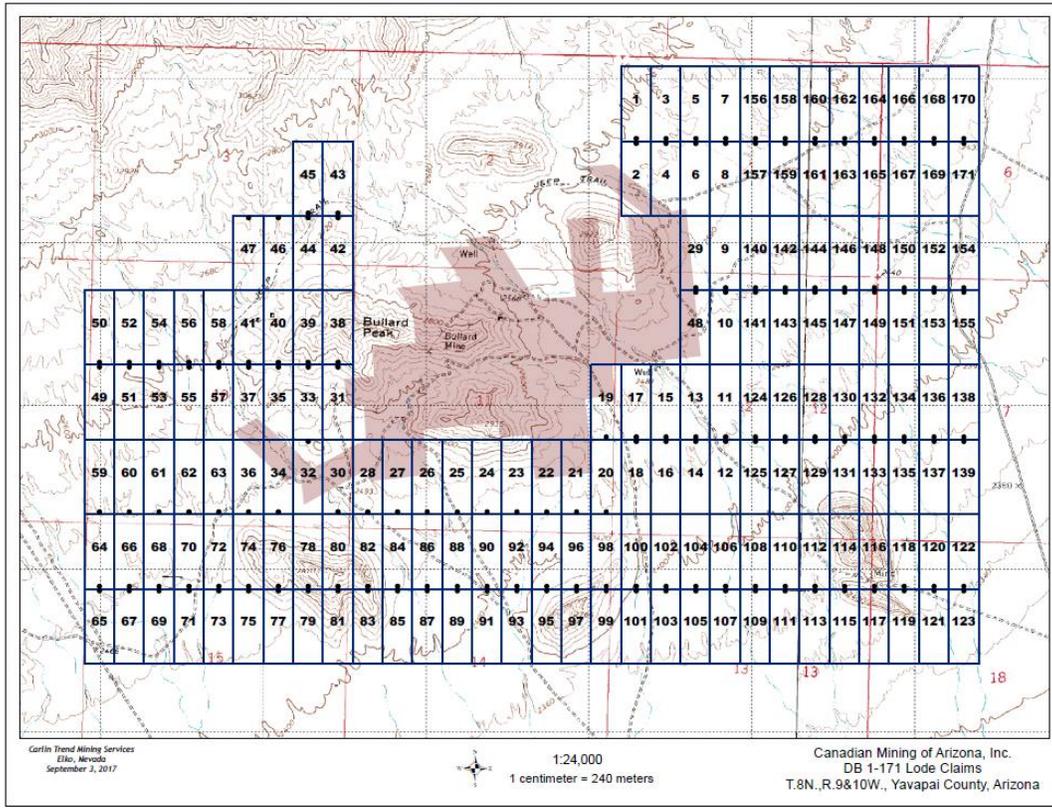
8 Operations can be conducted throughout the year, although the summer months can be hot with peak daily temperatures greater than 100o F (37.8o C) nearly every day. Monsoon storms occur from late June to late August with intense rainfall during late afternoons potentially creating flash floods making roads locally impassible. Winters are moderate, although winter storms potentially can create excessively muddy roads locally limiting access.

Power lines extend along the county line road, and numerous irrigation wells are present on farmland north of Aguila suggesting that water is available. Aguila, Arizona is the nearest railhead, and supplies and lodging are available in Wickenburg, Arizona.

A number of shafts, prospect pits, trenches, adits and stockpiles exist on the patented claims and a few old mine workings and prospect pits exist on the unpatented claims. No mining infrastructure exists on the Bullard Pass Property as it is an exploration property.

The N60E trending Harcuvar and Harquahala mountain ranges are the predominant geomorphologic features in the vicinity of Aguila, Arizona. The area of exploration interest lies on the south flank of the Harquvar Range where pediment gravels cover most of the area. A number of hills exist as isolated bedrock outcrops within the gravels.

Aguila and Wenden are nearby farming towns located along Route US 60 and a rail line extends westward from Phoenix through Wickenburg and through Parker, Arizona to California. Rail access is available in Aguila. Wickenburg is the nearest town with modern facilities to support exploration activities. Phoenix Arizona is located approximately fifty miles southwest of Wickenburg and is the capitol of Arizona. The Arizona State Land Department, U. S. Bureau of Land Management, and the Arizona Department of Mines and Mineral Resources are located in Phoenix. The Arizona Geological Survey and a U.S. Geological Survey branch office are located in Tucson, Arizona approximately 100 miles southeast of Phoenix.



Datum NAD 27 Zone 12

Figure 2. Claim Map

The Bullard Pass Property is an exploration project so planning has not yet been directed toward potential tailings storage areas, potential waste disposal areas, heap leach pads or potential processing plant sites. The surface rights are held by the Federal Government and permits to conduct exploration or mining would be obtained through the Bureau of Land Management. Power lines extend along the county line road, and numerous irrigation wells are present on farmland north of Aguila suggesting that water is available. Aguila, Arizona is the nearest railhead, and supplies, lodging and personnel are available in Wickenburg, Arizona.

History

A long and varied ownership existed with control of the various mineral rights switching between various unpatented claim owners over the years. Around the current unpatented claims and the state section where IMC International Mining Corp. controls the mineral rights the history of ownership is a moot point since all previous unpatented claims were dropped before Canadian Mining, Inc. originally staked the mineral rights. The report by Smith and Berridge (2000) located at the Arizona Department of Mines and Mineral Resources (now Arizona Geological Survey) contains a detailed property history prior to 1980.

Previous modern exploration work on the current Bullard Pass Property consisted of geological mapping, geochemical sampling, geophysical surveys, and several Reverse Circulation drill holes. Most of the exploration centered on the patented claims and on extensions of mineralized structures from the patented claims into the unpatented claims and state section.

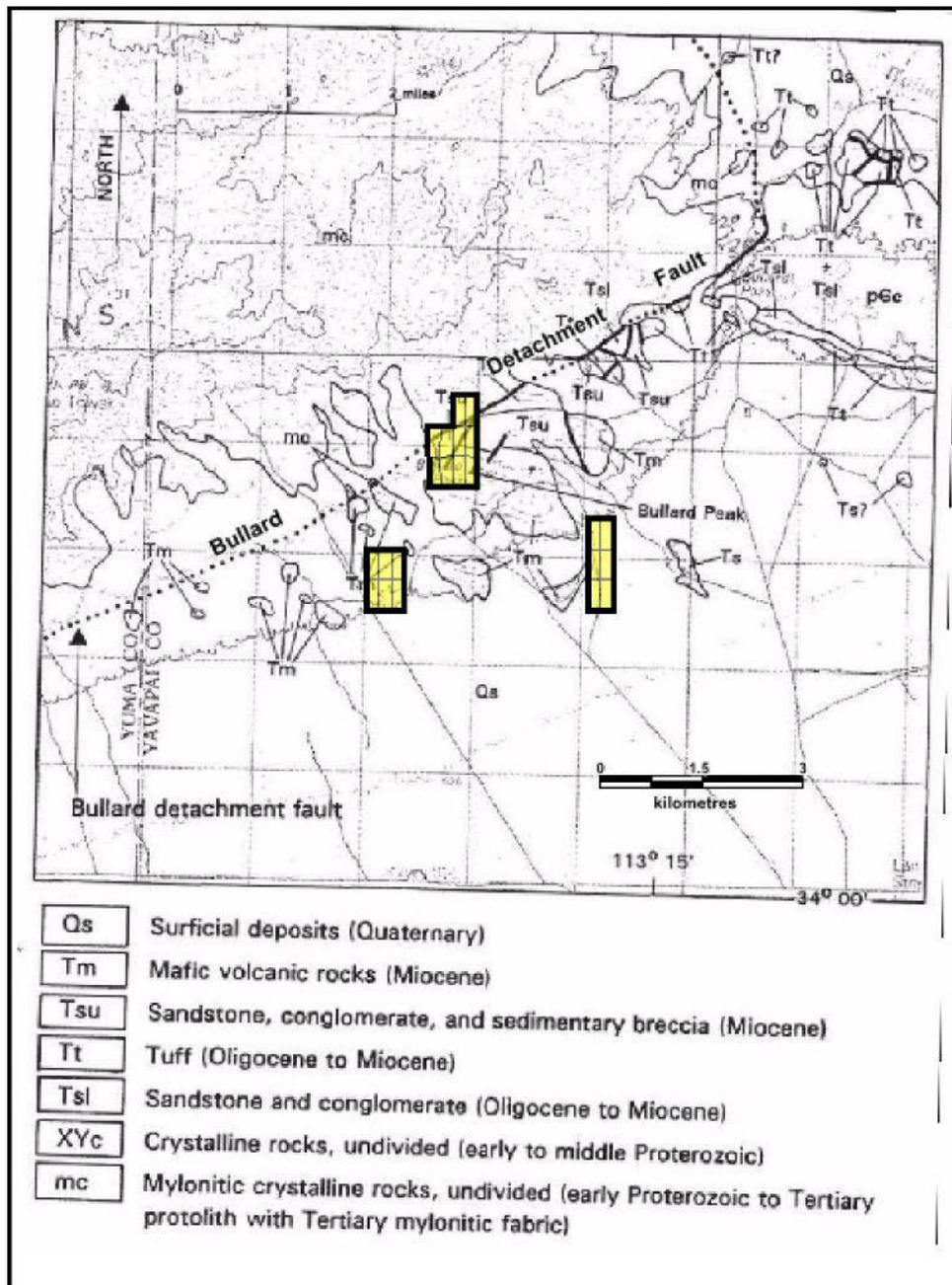
It is unknown if any resource or reserve was calculated in the modern era on the observed mineralization located on the state section or the unpatented claims.

District production totals were 614,000 pounds of copper, 3,600 ounces of gold, and 15,000 ounces of silver from 17,000 tons mined that occurred between 1933 and 1956 (Keith and others, 1983). Spencer and Reynolds (1992) report that 90% of the production in the Bullard District was from the Bullard Mine located on the neighboring patented claim block.

The history of the Bullard District and hence the Bullard property is largely divided by the recognition of the Bullard Fault as large displacement, low angle normal fault, a displacement fault, in the mid to late 1980's. Prior exploration was centred largely on the Bullard Mine patents themselves until 1978, with exploration occasionally spilling off the patents onto the surrounding ground. Subsequent to 1978, the patents and the surrounding area were explored several times for gold mineralization. However very little exploration took place on the three current claim blocks.

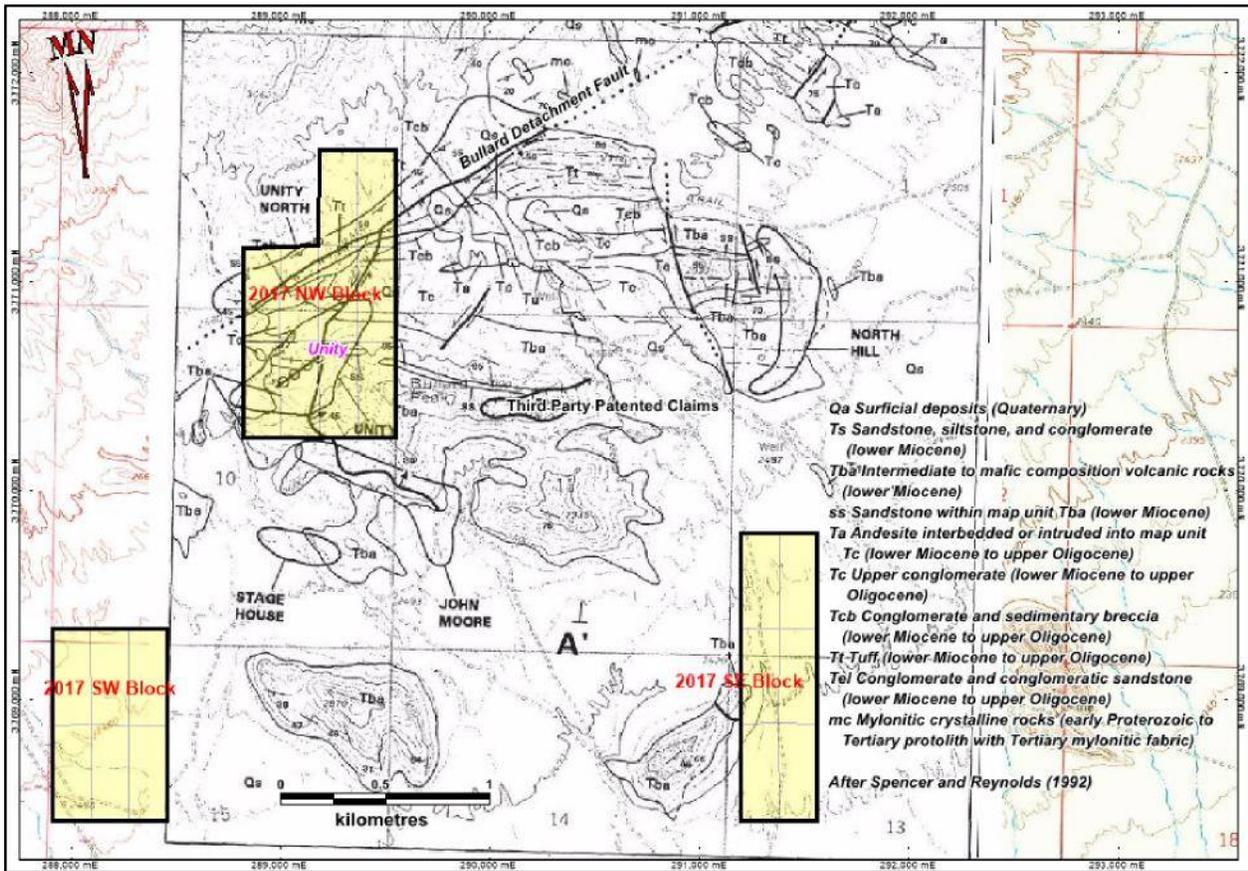
Geological Setting and Mineralization

The Bullard (Pierce) mining district is located on the southern edge of the Harcuvar metamorphic core complex (Spencer and Reynolds, 1992) (Figure 4). The Harcuvar metamorphic core complex is associated with Tertiary zone of extension in a north-south zone in the western United States. This tectonic framework is present in western and west-central Arizona. Two sequences of rock separated by a detachment fault characterize this tectonic environment. Lower plate rocks (below the detachment fault) are generally composed of variably mylonitized crystalline rocks ranging from Proterozoic to Mesozoic in age. Above the detachment fault (upper plate rocks) are usually composed of severely tilted Tertiary volcanic and sedimentary rocks plus basement rocks, locally.



Datum NAD 83 Zone 12
After Spencer and Reynolds (1992)

Figure 3. Bullard Pass Regional Geology



Datum NAD 83 Zone 12

Figure 4. Bullard Pass Mineral District Geology overlain by 2017 claim blocks

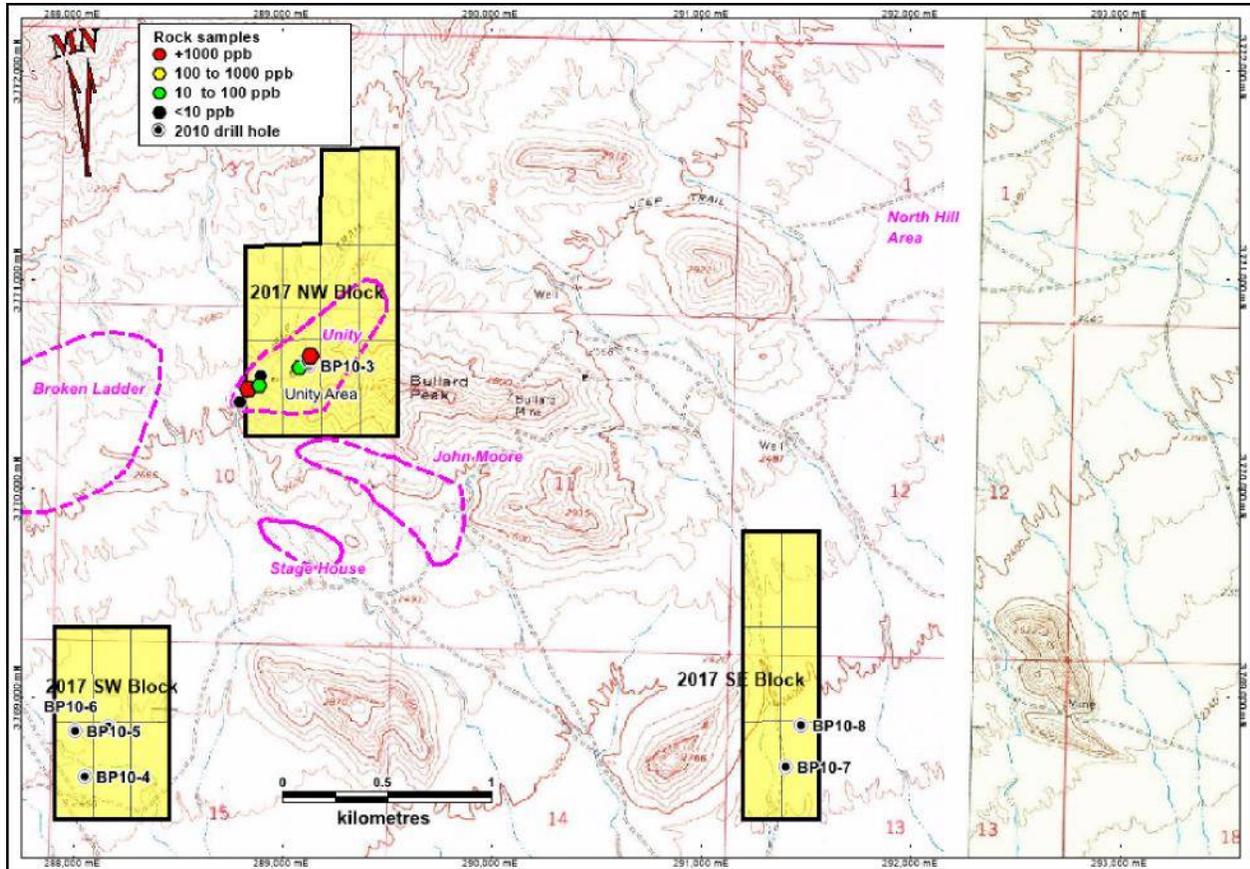
The Bullard detachment fault is a portion of the regional Buckskin-Rawhide-Bullard detachment fault in west central Arizona (Figure 3). The Bullard detachment fault strikes approximately N55-60E and with a moderate dip to the south (Figure 4). Minor mylonitic foliation within the fault zone has dips ranging from approximately 30° to vertical averaging approximately 60° south, as reported in various previous property reports and observed by the author of this report. Near the property, the lower plate rocks appear to be mylonitized granitoids or granitic gneisses of early Proterozoic and Cretaceous age (Bryant, 1995). Upper plate rocks are primarily Miocene mafic to intermediate volcanic rocks with interbedded sandstone resting on conglomerate, sedimentary breccia, and tuff (Spencer and Reynolds, 1992). Spencer and Reynolds (1992) indicate that these rocks strike predominantly E-W with a steep dip to the south (Figure 4). Locally erosional remnants of upper plate rocks have northeast or northwest striking rock units suggesting that a number of covered upper plate faults have rotated various blocks relative to one another. These upper plate structures and their structural intersections between either the detachment fault or each other are the primary targets of interest, because of the fault-controlled mineralization in small shear zones observed on the erosional remnants (Figure 6). Other than erosional remnants and occasional outcrop near the trace of the Bullard detachment fault, the area of exploration interest for Canadian Mining Company Inc. (2011) is covered with Quaternary gravels (Figure 4).

Property Geology

The Bullard Pass Property has not been mapped. The geology map of the Mineral Pass Mineral District (Spencer and Reynolds, 1992) is shown in Figure 4. The three claims blocks were staked to cover the down dip extension on the Bullard detachment fault. The two southern blocks are for the most part underlain by the Quaternary Surficial deposits.

The NW Block is underlain by lower Miocene intermediate to mafic volcanics (Tba). The intercalated sandstone unit (ss) within these volcanics was mapped throughout the unit. Lower Miocene to upper Oligocene conglomerates (Tc) outcrop to the north of the intermediate to mafic volcanics. The conglomerate hosts local intercalated andesite units (Ta). Lower Miocene to upper Oligocene conglomerate and sedimentary breccia (Tcb) outcrop to the north of the

conglomerate. Lower Miocene to upper Oligocene tuff (Tt) outcrop to the north of the conglomerate / sedimentary breccia.



Datum NAD 27 Zone 12

Figure 5. Litho geochemistry samples and Canadian Mining drill holes within 2017 claim blocks

The Bullard Fault lies to the north of Bullard Peak and trends northwest through the map area and also trends through the NW Block. The SW and SE Blocks lie to the southeast of the fault, covering its down dip extension.

The target mineralization on the Bullard Pass property is detachment fault hosted gold within the Bullard Pass Detachment Fault. The mineralization is typically located at depth along the down dip extension of these regional detachment faults. Mineralization on the present Bullard Pass property is suspected based on multi-element anomalies located through the author's proprietary statistical analysis of the enzyme leach soil survey data.

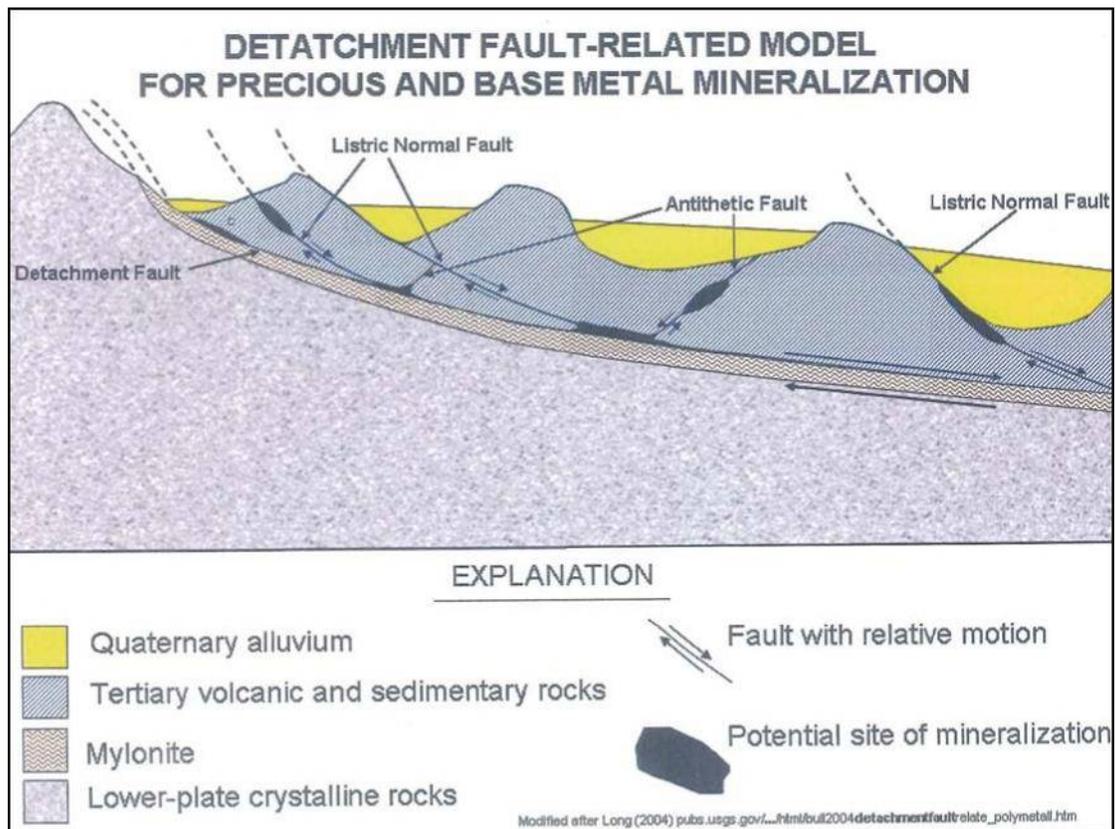


Figure 6. Schematic of Detachment Fault and Mineralization

Surface rock sampling concentrated in the NW Claim Block, the Unity area. The Unity Area hosts several thin discontinuous veins near the Unity mine in both outcrop and workings. In addition, a series of quartz carbonate veinlets were located in a stream west of the Unity mine. Eight samples taken from the area ranged from <5 to 2965 ppb Au, with a 1700 ppb Au values also recorded.

The enzyme leach soil geochemistry located a series of anomalies that were followed up with 6 diamond drill holes. Drill hole BP10-03 was drilled in the western Unity grid in the area of the Unity mine and intersected four 5 foot intervals in excess of 100 ppb Au, with a maximum value of 785 ppb Au. Drill holes BP10-04 and BP10-05 were drilled in the Southwest Corner grid and encountered short horizons of weakly anomalous gold values. Drill hole BP10-06 was drilled in the same area and intersected several weakly to moderately anomalous gold values, with a highlight of 66 ppb Au over 5 feet. Drill hole BP10-07 encountered short horizons of weakly anomalous gold values in the Access Road grid while BP10-08 intersected several moderately anomalous gold values, with a highlight of 116 ppb Au over 5 feet.

Deposit Types

During the mid-1970's a new tectonic model (Rehrig and Reynolds, 1977 and Reynolds and others, 1978) and associated mineralization model (Wilkins and others, 1986) was developed for the Basin and Range Province in central and western Arizona. Metamorphic core complexes were proposed to explain the uplift of hot basement rocks in an extensional regime. Associated with this uplift major low angle faults formed at the top of a mylonitic surface at the ductile-brittle deformation boundary. These major faults were termed detachment faults, where pre- to syn-tectonic rock units lying above the detachment fault (upper plate) were transported and rotated to present day positions with shallow to steep dips of bedding and locally overturned bedding. The transport mechanism suggested for these orientations required curvilinear listric normal faults that flattened with depth and merged with the major detachment fault. Various orientations of major upper plate blocks required the re-interpretation of other upper plate faults as tear faults or antithetic faults that terminate at the detachment surface.

Industry geologists such as W. Rehrig in the 1970's, plus J. Wilkins and T Hydrich developed the concepts of host rock

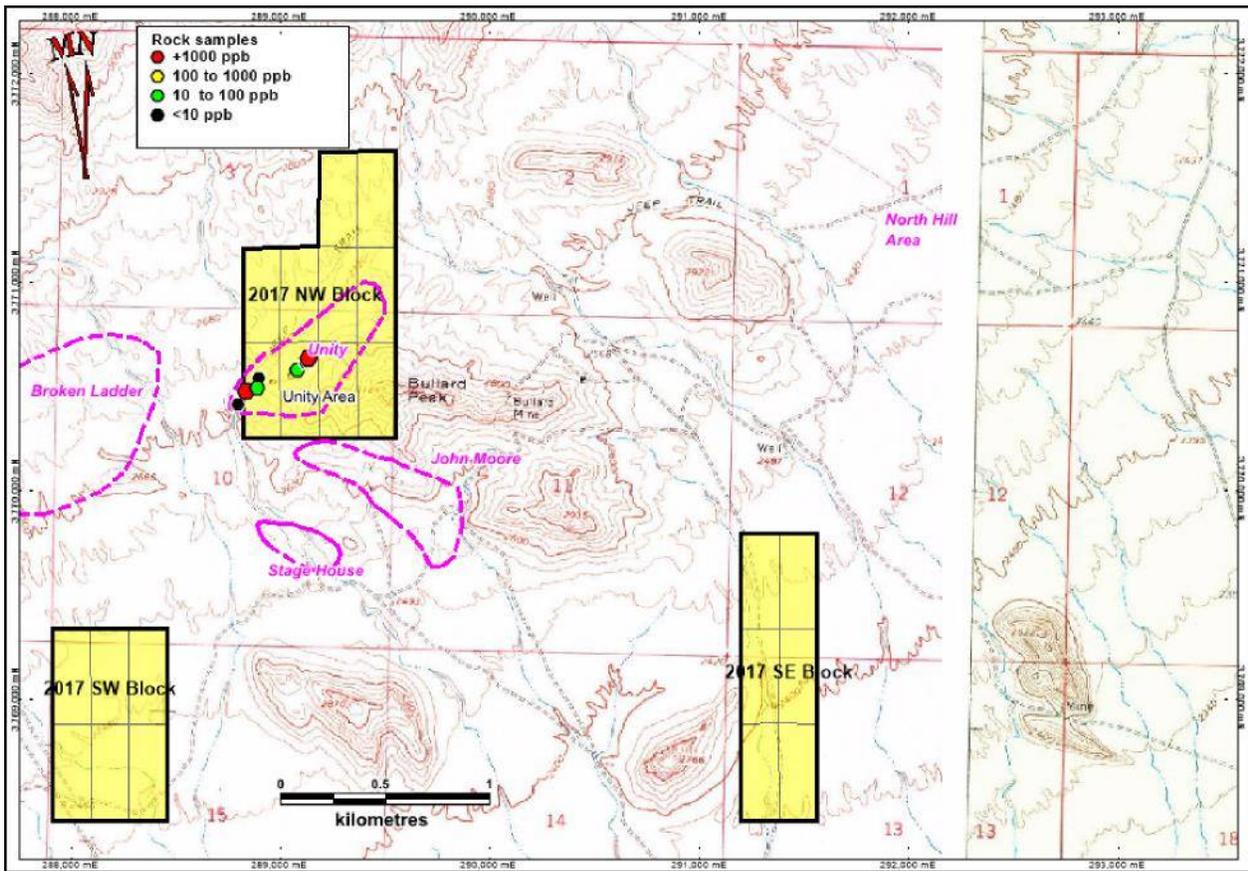
preparation in the upper plate, and the mineralogy and mineralization zoning, and source of hydrothermal fluids (Wilkins and others, 1986). During the 1980's and early 1990's many areas in the core complex terrain of Arizona were explored for mineralization using the detachment model and the concepts were extended northward through the western United States from Arizona to Idaho. An excellent summary of the major criteria for detachment fault-based mineralization (Figure 10) exists as a U. S. Geological Survey online publication by Long (2004). http://pubs.usgs.gov/bul/b2004/html/bull2004detachmentfaultrelated_mineraliz.htm

O'Hara and others (1989) compiled a Metallogenic map of Arizona summarizing Metallogenic province boundaries throughout the state. O'Hara and others (1991a, 1991b, and 1991c) completed the metallogenic map series for the Arizona Department of Mines and Mineral Resources (ADMMR) with primary commodity zonation maps established for each of the state provinces. These maps are part of an open-file map series available through the ADMMR library. The Bullard detachment fault is an extension of the Buckskin-Rawhide detachment fault where Niemuth and others (1989) suggested that mineralization was zoned from gold outward through copper + other base metals to fluorine, and distal manganese.

Shear zones ranging in length from 200 feet to 1700 feet and ranging between ten to twenty feet thick in outcrops hosting quartz and quartz-calcite veins and fracture fillings in the well indurated conglomerates located in erosional remnants of the upper plate. In the Bullard district Spencer and Reynolds (1992) report that local copper minerals associated with veining are predominantly chrysocolla and brochantite with less abundant malachite and chalcopyrite. Native gold is associated with iron oxides. Roddy and others (1988) indicate that gangue minerals are earthy and specular hematite, pyrite, quartz and calcite with minor barite, and fluorite. Also, gangue minerals and alteration locally present on the property include clay minerals and silicification. Manganese oxides are locally present as replacements in the less indurated sandstones, and are interpreted to be distal to disseminated gold mineralization in this host rock unit.

Exploration

Canadian Mining Company Limited was first drawn to the Bullard Mine area in 1999. They entered into an option agreement to acquire a 100% interest in the 25 of the patented claims and subsequently commissioned Berridge and Smith (2000) to review the historic information on the patents and the area and make recommendations. These recommendations included a series of drill holes to test the known veins. To the best of the author's knowledge these holes were never drilled and the option on the patents eventually expired.



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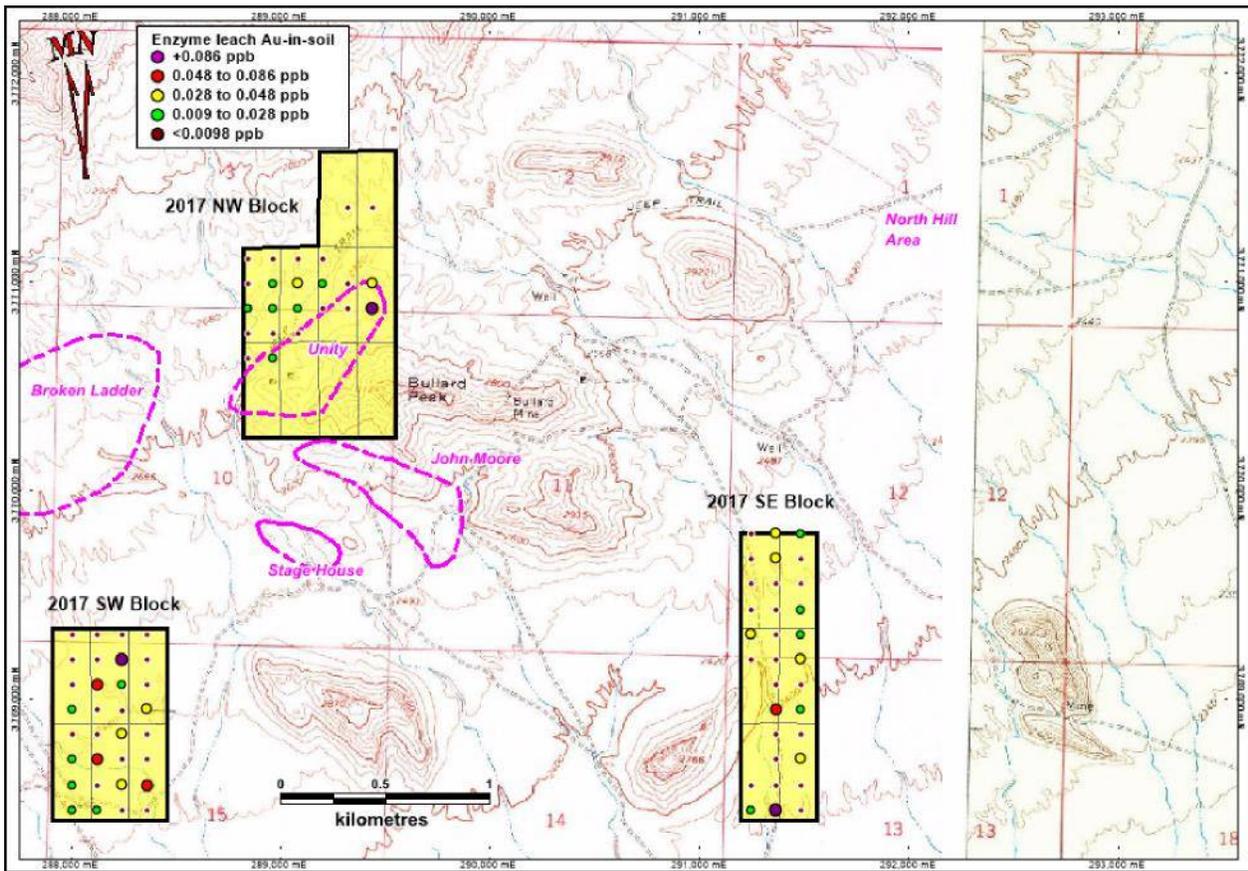
Figure 7. CMC Rock Sample Locations within 2017 claim blocks

Table 3. 2007 – 2008 Lithochemical Rock Samples

Zone	Sample	ppb Au	ppm Ag	ppm Cu	Zone	Sample	ppb Au	ppm Ag	ppm Cu
Unity	E501	2965	42.9	>10000	Unity	E505	10	4.3	2691
Unity	E502	5	0.7	694	Unity	E506	<5	0.5	157
Unity	E503	<5	0.5	332	Unity	E507	1700	6.6	3335
Unity	E504	15	0.9	423	Unity	E508	<5	0.6	147

Canadian Mining Company Limited acquired 171 unpatented federal lode claims, the Bullard Pass property, during the first half of 2007. After a series of exploration programs: lithochemical sampling, orientation, Phase I and Phase II enzyme leach soil sampling and diamond drilling they eventually reduced the property to the current 22 claims to reduce holding costs.

Eight lithochemical samples were collected during 2007 and 2008 on the Canadian Mining Company Limited Bullard Pass property. The samples were chip samples over a specified channel length or a rectangular area approximating average composition of the outcrop. Analysis was performed at Skyline Assayers and Laboratories in Tucson, Arizona, an ISO/IEC 17025:2005 accredited facility. All samples were analyzed for gold using Fire Assay with an AA finish. In addition, they received aqua regia digestion ICP analysis for the 47 elements in the Skyline multielement package. The samples were taken by or under the supervision of the author.



Datum NAD 27 Zone 12

Figure 8. CMC Phase I Soil Locations within 2017 claim blocks

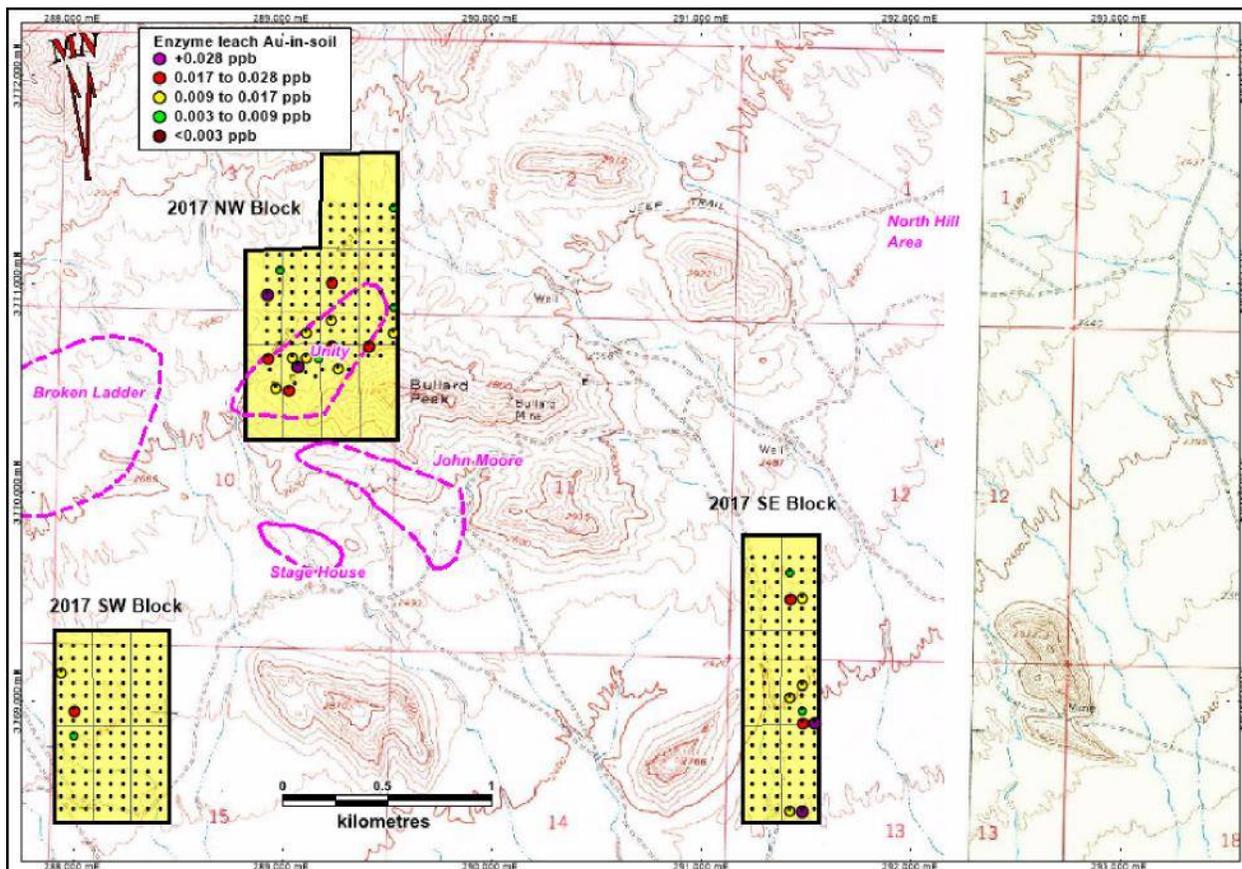
The Unity Area hosts several thin discontinuous veins near the Unity mine in both outcrop and workings. In addition, a series of quartz carbonate veinlets were located in a stream west of the Unity mine.

Table 4. 2007 – 2008 Enzyme Leach Gold-in-Soil Statistics

	No of samples	maximum	percentile			
			75th	90th	95th	98th
Phase I	938	0.510	0.009	0.028	0.048	0.086
Phase II	936	0.083	0.003	0.009	0.017	0.028

The author feels the samples are representative of the mineralization and does not feel there was any sample bias in the rock sampling program. As shown in Table 3, most of the samples proved to be anomalous in gold.

Two stages of enzyme leach soil geochemistry were subsequently completed. Table 4 shows the gold-in-soil statistics for the entire surveys, which are required for determining anomalous values.



Datum NAD 27 Zone 12

Figure 9. CMC Phase II Soil Locations within 2017 claim blocks

A 120 metre by 120 metre property wide Phase I enzyme leach soil grid was completed in the spring of 2007. While a total of 938 samples were taken, only 87 lie with the current three blocks as shown in Figure 8. Subsequently, three smaller detailed 60 metre by 60 metre grids were completed as Phase II over key anomalous areas. While a further 936 samples, only 382 were taken within the current three blocks. The Enzyme Leach soil samples are blind soil samples taken at regular grid intervals so the samples can be considered both representative and unbiased.

The soil samples were collected by an independent contract field crew using the rigorous Enzyme Leach sampling protocol recommended by Skyline laboratory. The depth of sample needs to be 5 to 8 inches below ground level. A minimum of 50 millilitres is taken with a spade, trenching shovel or other tool and placed in a 50 millilitre dark amber plastic centrifuge tube or a medium size freezer Ziploc bag and all the air is squeezed out before sealing. Each tube or bag is marked with a unique sample number and the waypoint is recorded in a Global Positioning System (GPS) unit to be matched with the sample number once the information is recorded nightly in an excel spreadsheet.

Skyline Assayers and Laboratories in Tucson, Arizona, an ISO/IEC 17025:2005 accredited facility performed Enzyme Leach selective extraction protocol geochemical analyses on the samples. Field standards and blanks designed by the author were inserted at regular intervals into the sample stream for QA/QC.

The Phase I soil program results indicated that precious metal, base metal, and hydrothermal element anomalies with geologically reasonable patterns were present in the soils over both the pediment gravels and over exposed Tertiary volcanic rocks, utilizing the author's proprietary geostatistical treatment of the assay data. Only the raw gold-in-soil values are shown in Figure 8, however as Canadian Mining wishes to keep the author's subsequent proprietary statistical treatment of the assay data confidential. The geostatistical treatment of the data yielded three areas for Phase II follow up.

The Phase II soil program followed up the Phase I results. A suite of eleven elements previously determined to be associated with hydrothermal mineralization in the Bullard Pass area were treated using proprietary statistical methods to

create a set of elemental contour maps for each grid. Again, only the raw gold-in-soil is shown in Figure 9 as Canadian Mining wishes to keep the author's subsequent proprietary statistical treatment of the assay data confidential.

The NW Block overlies near vertically dipping Tertiary volcanic rocks above the Bullard detachment fault. A variety of quartz and quartz-carbonate veins crop out, with quartz-carbonate veins are observed in outcrops in the southwest corner. The proposed disseminated mineralization target in this area is structurally controlled at the intersection of the Bullard detachment fault and potential high angle upper plate faults. O'Hara (2008b) identified anomalies within the grid for diamond drilling follow-up, resulting in the subsequent drilling of one hole.

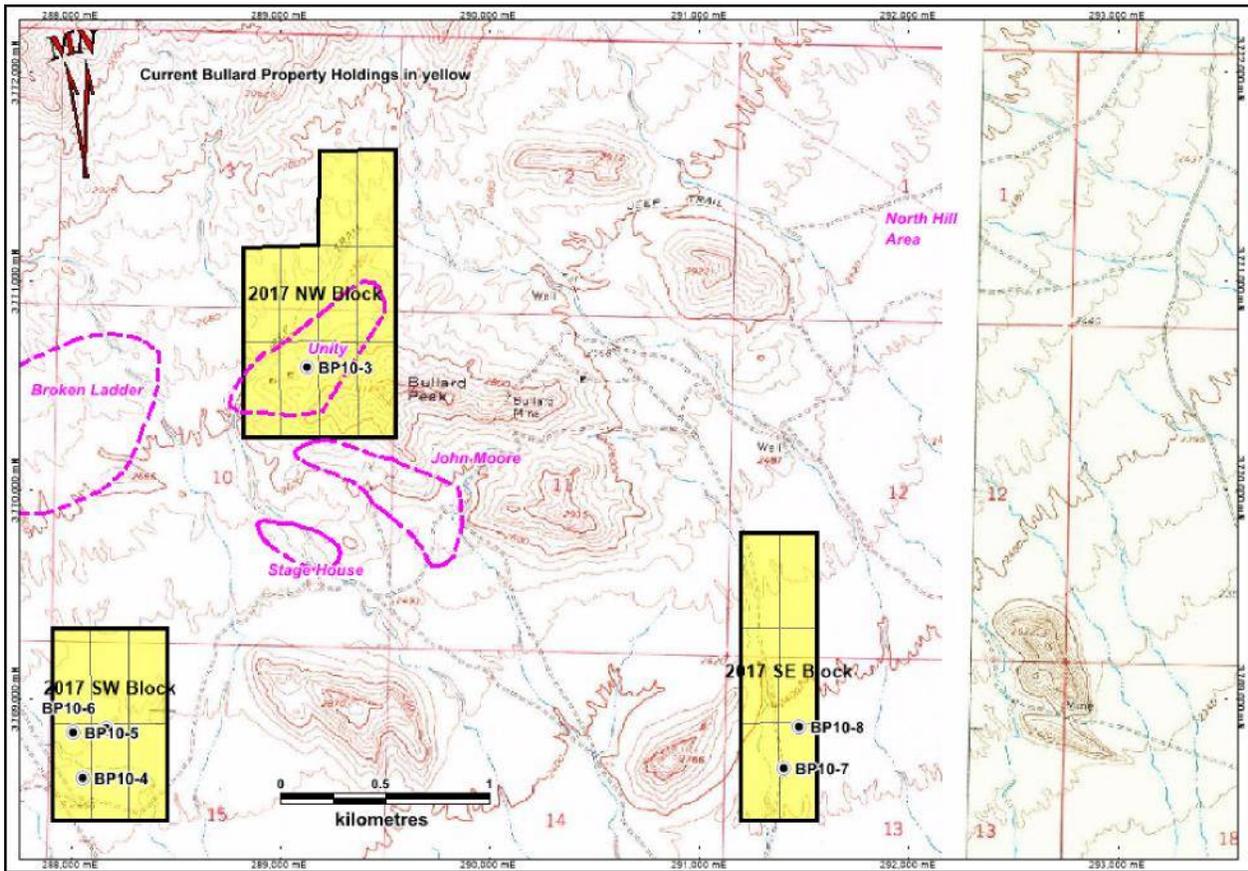
The SW Block contains no outcrops and is completely covered by Quaternary gravels. O'Hara (2008b) felt his proprietary statistical treatment of the elemental data identified potential northwest trending faults and the potential presence of northeast-trending mineralized fractures or fault sets. This resulted in the subsequent drilling of three diamond drill holes.

The SE Block is entirely covered by Quaternary gravels. Geologic mapping indicates that known northwest-trending structures, one of which is known to be mineralized, project into this area. Hypothesized north-south trending faults projected from the North Hill area, and northeast trending structures based on weak geomorphologic evidence are interpreted to intersect in the area covered by the SE Block. O'Hara (2008b) identified proprietary anomalies within the grid for diamond drilling follow-up, resulting in the subsequent drilling of two holes.

Drilling

Spencer and Reynolds (1992) report that during the 1980's, eight different companies outlined several different areas with anomalous gold concentrations using the detachment fault model and geological similarity of the property to the Copperstone gold mine in western Arizona. Apparently two major drill programs were conducted during this time as Spencer and Reynolds (1992) report that Freeport McMoran drilled twelve holes and Cominco drilled forty-two holes. Based on a preliminary review of a drill hole location map in Reynolds and Spencer (1992), and the current property boundary of the mineral rights holdings of Canadian Mining it appears that eighteen of the Cominco holes and two of the Freeport holes lay within the Bullard Pass Property. At present the author has only compiled a cursory review of the drilling methods and analytical results due to time constraints. Telford (1990) indicates that over two years both down-the-hole hammer drills and reverse circulation rigs were used. Freeport used Reverse Circulation rigs for at least ten of the holes drilled as reported in Telford (1990). Cominco reclaimed all roads and pads to U.S. Bureau of Land Management specifications and hired a contractor to reclaim all drill holes to Arizona Department of Water resources standards (Telford, 1990).

A drill program consisting of 8 HQ Diamond drill holes was undertaken between February 26 and April 26, 2010. Six of the holes lie within the current three blocks as shown in Figure and the collar details are shown in Table 5. Complete sample details for BP10-03 through BP10-08 are shown in Tables 6a through 6f. The author supervised the drilling program and is not aware of any drilling, sampling or recovery factors that could marginally impact the accuracy and reliability of the results. The relationship between sample length and true thickness is unknown at this time. The orientation of the mineralization is also unknown at this time.



Datum NAD 27 Zone 12

Figure 10. CMC Drill Hole Locations within 2017 claim blocks

Table 5. 2010 Drilling Program Details

Hole	27Z12E	27Z12N	Elevation	Length
BP10-03	289125	3770599	2602	501
BP10-04	288056	3768628	2470	504
BP10-05	288011	3768846	2480	503.2
Hole	27Z12E	27Z12N	Elevation	Length
BP10-06	288165	3768867	2480	474.5
BP10-07	291399	3768678	2470	468.5
BP10-08	291471	3768874	2480	504.2

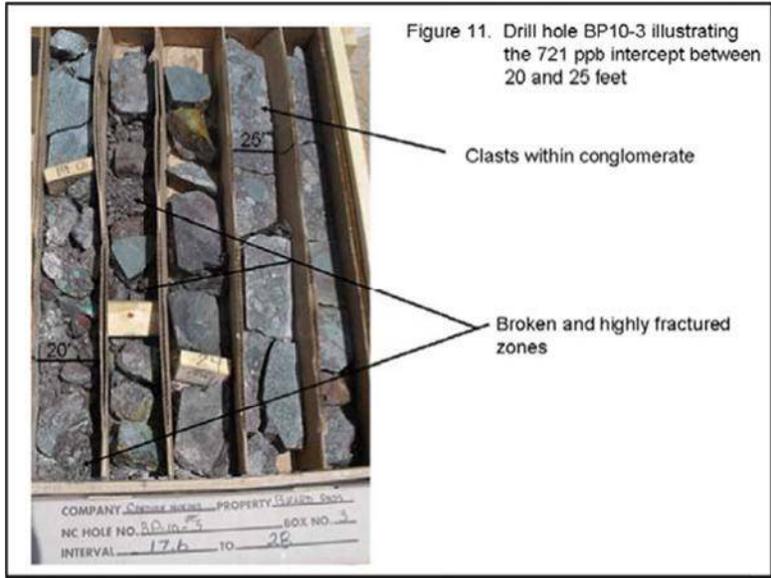


Plate 1. Drill Hole BP10-03

Hole BP10-3 is located at the Unity Mine site to potentially intercept the Bullard Detachment Fault at depth, a low angle fault above the detachment fault identified previously as the Unity Fault Berridge and Smith (2000), the Unity gold-copper vein, and a high angle structure. These structures are positive pathways for hydrothermal fluid flow and potential sites for deposition of mineralization. Also, BP10-3 was sited away from the old workings to avoid drilling open underground workings. Hole BP10-3 contained three five foot intercepts of >100 ppb gold the highest of which is five feet of 785 ppb (Plate 1A).

Five other intercepts that are 2.5 to 46 feet thick have gold averaging from 28 ppb to 402 ppb. 57% of the samples throughout the entire hold have detectable gold. Fifteen intercepts from five to forty feet thick contain detectable gold. Copper as copper oxides average 128 ppm throughout the hole with top 100 feet averaging 454 ppm copper.

Table 6a. Drill Hole BP10-03 Gold Assay Results

Footage	ppb Au								
0-5	8	100-105	55	200-205	29	300-305	< 5	400-405	9
5-10	< 5	105-110	< 5	205-210	7	305-310	< 5	405-410	9
10-15	< 5	110-115	< 5	210-215	12	310-315	< 5	410-415	< 5
15-20	< 5	115-120	6	215-220	< 5	315-320	9	415-420	9
20-25	721	120-125	< 5	220-225	5	320-325	5	420-425	8
25-30	< 5	125-130	< 5	225-230	7	325-330	5	425-430	6
30-35	< 5	130-135	10	230-235	379	330-335	8	430-435	< 5
35-40	< 5	135-140	10	235-240	10	335-340	< 5	435-440	< 5
40-45	< 5	140-145	16	240-245	5	340-345	8	440-445	5
45-50	14	145-150	25	245-250	< 5	345-350	6	445-450	< 5
50-55	5	150-155	5	250-255	< 5	350-355	8	450-455	< 5
55-60	< 5	155-160	< 5	255-260	< 5	355-360	< 5	455-460	14
60-65	785	160-165	< 5	260-265	< 5	360-365	< 5	460-465	20
65-70	18	165-170	6	265-270	5	365-370	< 5	465-470	7
70-75	< 5	170-175	< 5	270-275	6	370-375	7	470-475	36
75-80	38	175-180	6	275-280	< 5	375-380	6	475-480	106
80-85	5	180-185	< 5	280-285	< 5	380-385	5	480-485	12
85-90	< 5	185-190	< 5	285-290	46	385-390	5	485-490	17
90-95	< 5	190-195	< 5	290-295	< 5	390-395	9	490-495	31
95-100	21	195-200	< 5	295-300	5	395-400	5	495-501	6

BP10-4 through BP10-6 were drilled through a thick sequence of Quaternary gravels in the Southwest target area. The primary objective for this hole was to drill through the gravels at a site with anomalous soil Enzyme Leach anomalies of anomalous gold, silver, arsenic, barium, and molybdenum with nearby lead, zinc, and antimony anomalies. The secondary objective was to drill through the Bullard Detachment Fault, if possible with a five hundred-foot vertical hole.

The top 100 feet comprised of Quaternary gravels. Below 100 feet the hole intercepted a Tertiary upper plate conglomerate-redbed unit younger than the conglomerate drilled in holes BP10-1 through BP10-3.

Table 6b. Drill Hole BP10-04 Gold Assay Results

Footage	ppb Au								
0-14	< 5	120-125	< 5	220-225	< 5	320-325	< 5	420-425	< 5
14-19	< 5	125-130	10	225-230	< 5	325-330	< 5	425-430	5
19-25.5	< 5	130-135	< 5	230-235	< 5	330-335	< 5	430-435	< 5
25.5-29	< 5	135-140	< 5	235-240	< 5	335-340	< 5	435-440	6
29-34	< 5	140-145	< 5	240-245	< 5	340-345	< 5	440-445	6
34-39	7	145-150	< 5	245-250	< 5	345-350	< 5	445-450	6
39-46	< 5	150-155	< 5	250-255	< 5	350-355	< 5	450-455	< 5
46-54	< 5	155-160	< 5	255-260	< 5	355-360	< 5	455-460	9
54-64	< 5	160-165	< 5	260-265	< 5	360-365	< 5	460-465	9
64-71.5	6	165-170	< 5	265-270	< 5	365-370	< 5	465-470	< 5
71.5-75	< 5	170-175	< 5	270-275	5	370-375	< 5	470-475	< 5
75-80	5	175-180	< 5	275-280	< 5	375-380	< 5	475-480	< 5
80-85	9	180-185	< 5	280-285	< 5	380-385	8	480-485	< 5
85-90	6	185-190	< 5	285-290	< 5	385-390	< 5	485-490	< 5
90-95	6	190-195	< 5	290-295	< 5	390-395	< 5	490-495	< 5
95-100	< 5	195-200	< 5	295-300	< 5	395-400	< 5	495-500	8
100-105	< 5	200-205	< 5	300-305	< 5	400-405	6	500-504	6
105-110	< 5	205-210	< 5	305-310	< 5	405-410	5		
110-115	< 5	210-215	< 5	310-315	< 5	410-415	< 5		
115-120	< 5	215-220	< 5	315-320	< 5	415-420	5		

Table 6c. Drill Hole BP10-05 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-19.2	< 5	125-130	< 5	225-230	< 5	325-330	< 5	425-430	< 5
19.2-24.2	< 5	130-135	< 5	230-235	8	330-335	< 5	430-435	< 5
24.2-29.2	7	135-140	< 5	235-240	< 5	335-340	6	435-440	< 5
29.2-34.2	< 5	140-145	< 5	240-245	< 5	340-345	< 5	440-445	< 5
34.2-41	< 5	145-150	< 5	245-250	< 5	345-350	< 5	445-450	< 5
41-48	< 5	150-155	< 5	250-255	< 5	350-355	< 5	450-455	< 5
48-54.2	< 5	155-160	5	255-260	< 5	355-360	6	455-460	< 5
54.2-64.2	6	160-165	< 5	260-265	< 5	360-365	< 5	460-465	< 5
64.2-69.2	< 5	165-170	< 5	265-270	< 5	365-370	13	465-470	< 5
69.2-75	< 5	170-175	< 5	270-275	< 5	370-375	< 5	470-475	6
75-81.8	8	175-180	6	275-280	< 5	375-380	< 5	475-480	< 5
81.8-84	6	180-185	< 5	280-285	< 5	380-385	< 5	480-485	< 5
84-89.2	< 5	185-190	< 5	285-290	< 5	385-390	< 5	485-490	5
89.2-97.7	5	190-195	< 5	290-295	< 5	390-395	< 5	490-495	< 5
97.7-100	< 5	195-200	6	295-300	< 5	395-400	< 5	495-500	< 5
100-105	8	200-205	< 5	300-305	< 5	400-405	< 5	500-503.2	< 5
105-110	< 5	205-210	5	305-310	< 5	405-410	< 5		
110-115	< 5	210-215	< 5	310-315	< 5	410-415	6		
115-120	6	215-220	6	315-320	< 5	415-420	< 5		
120-125	< 5	220-225	< 5	320-325	< 5	420-425	< 5		

These holes contain anomalous arsenic, barium, manganese, lead and zinc locally. BP 10-4 contained eleven intercepts ranging from five to fifteen feet thick with detectable gold. BP-5 intercepted eighteen five to twenty foot-thick intercepts with detectable gold. BP10-6 contained seven intercepts ranging from five to ten feet thick with detectable gold and one five-foot intercept with 66 ppb gold. An intensely anomalous manganese intercept between 160 and 168.8 feet is illustrated by Plate 2.



Plate 2. Drill Hole BP10-06

Table 6d. Drill Hole BP10-06 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-3.5	< 5	108.2-115	< 5	205-210	< 5	300-305	< 5	395-400	< 5
3.5-7.0	< 5	115-120	< 5	210-215	< 5	305-310	< 5	400-405	< 5
7.0-14.5	< 5	120-125	< 5	215-220	< 5	310-315	< 5	405-410	< 5
14.5-24.5	< 5	125-130		220-225	< 5	315-320	< 5	410-415	< 5
24.5-30.5	< 5	130-135	< 5	225-230	< 5	320-325	< 5	415-420	< 5
30.5-37.9	< 5	135-140	< 5	230-235	< 5	325-330	< 5	420-425	< 5
37.9-44.5	< 5	140-145		235-240	< 5	330-335	6	425-430	< 5
44.5-50.5	< 5	145-150	< 5	240-245	< 5	335-340	< 5	430-435	66
50.5-59.5	< 5	150-155	< 5	245-250	< 5	340-345	5	435-440	< 5
59.5-69.5	< 5	155-160	< 5	250-255	< 5	345-350	< 5	440-445	< 5
69.5-74.5	< 5	160-165	< 5	255-260	< 5	350-355	< 5	445-450	< 5
74.5-79.5	< 5	165-170	< 5	260-265	< 5	355-360	6	450-455	< 5
79.5-85.4		170-175	< 5	265-270	< 5	360-365	9	455-460	< 5
85.4-89.5	< 5	175-180	< 5	270-275	< 5	365-370	< 5	460-465	< 5
89.5-91	< 5	180-185	< 5	275-280	< 5	370-375	5	465-470	< 5
91-94.5	< 5	185-190	< 5	280-285	< 5	375-380	5	470-474.5	< 5
94.5-99.5	< 5	190-195	< 5	285-290		380-385	21		
99.5-104.5	< 5	195-200	< 5	290-295		385-390	27		
104.5-108.2	< 5	200-205	< 5	295-300	< 5	390-395	32		

Drill holes BP10-7 and BP10-8 tested gold enzyme leach annular and apical anomalies in the Access Road target area. BP-7 intercepted sixteen five to thirty foot-thick intercepts with detectable gold and one five foot intercept with 45 ppb gold.

Table 6e. Drill Hole BP10-07 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-3.5	< 5	105-110	< 5	200-205	< 5	290-295	< 5	385-390	< 5
3.5-7.0	< 5	110-115	< 5	205-210	5	295-300	10	390-395	< 5
7.0-18	< 5	115-120	< 5	210-215	< 5	300-305	< 5	395-400	< 5
18-23.5	5	120-125	< 5	215-218.5	< 5	305-310	< 5	400-405	< 5
23.5-28.5	< 5	125-130	< 5	218.5-222.5	8	310-315	< 5	405-410	< 5
28.5-37.9	< 5	130-135	< 5	222.5-225	< 5	315-320	< 5	410-415	< 5
37.9-45	< 5	135-140	< 5	225-230	8	320-325	8	415-420	< 5
45-50	< 5	140-145	< 5	230-235	8	325-330	8	420-425	5
50-55	6	145-150	< 5	235-240	< 5	330-335	7	425-431	< 5
55-60	< 5	150-155	< 5	240-245	< 5	335-340	5	431-435	5
60-65	< 5	155-160	< 5	245-250	5	340-345	< 5	435-440	7
65-70	8	160-165	< 5	250-255	10	345-350	< 5	440-445	8
70-75	7	165-170	< 5	255-260	6	350-355	7	445-450	10
75-80	< 5	170-175	< 5	260-265	< 5	355-360	11	450-455	6
80-85	< 5	175-180	< 5	265-270	45	360-365	7	455-460	12
85-90	10	180-185	< 5	270-275	< 5	365-370	< 5	460-465	< 5
90-95	< 5	185-190	< 5	275-280	5	370-375	5	465-468.5	< 5
95-100	< 5	190-195	< 5	280-285	18	375-380	8		
100-105	< 5	195-200	< 5	285-290	14	380-385	< 5		

BP10-8 contained seven intercepts ranging from five to thirty-five feet thick with detectable gold plus one one-hundred and eight-foot intercept with 26 ppb gold, and a 4.1 foot intercept with 48 ppb gold.

Table 6f. Drill Hole BP10-08 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-4	12	119.2-124.2	8	220-225	< 5	320-325	11	420-425	11
4-8.5	23	124.2-129.2	< 5	225-230	< 5	325-330	7	425-430	15
8.5-14.2	12	129.2-135.9	< 5	230-235	< 5	330-335	28	430-435	21
14.2-19.2	14	135.9-140	48	235-240	< 5	335-340	20	435-440	12
19.2-24.2	22	140-145	< 5	240-245	< 5	340-345	116	440-445	9
24.2-29.2	25	145-150	6	245-250	< 5	345-350	16	445-450	7
29.2-34.2	11	150-155	6	250-255	< 5	350-355	16	450-455	5
34.2-43.3	8	155-160	8	255-260	< 5	355-360	19	455-460	6
43.3-47.2	9	160-165	< 5	260-265	< 5	360-365	20	460-465	< 5
47.2-51.8	18	165-170	< 5	265-270	< 5	365-370	10	465-470	7
51.8-59.2	22	170-175	10	270-275	< 5	370-375	11	470-475	< 5
59.2-66.8	21	175-180	6	275-280	< 5	375-380	14	475-480	9
66.8-73.2	12	180-185	6	280-285	8	380-385	31	480-485	10
73.2-83.2	16	185-190	8	285-290	< 5	385-390	27	485-490	< 5
83.2-88.8	10	190-195	6	290-295	< 5	390-395	17	490-495	< 5
88.8-94.2	6	195-200	6	295-300	< 5	395-400	11	495-500	6
94.2-102.1	11	200-205	6	300-305	< 5	400-405	22	500-504.2	< 5
102.1-108	8	205-210	< 5	305-310	< 5	405-410	24		
108-113.2	< 5	210-215	< 5	310-315	5	410-415	20		
113.2-119.2	5	215-220	< 5	315-320	7	415-420	14		

Sampling Preparation, Analyses and Security

The analytical and QC procedures for the Freeport drill program are not known. Cominco submitted standards and duplicates in the data stream at random intervals, and submitted the drill samples for analysis to Rocky Mountain Geochemical Corp. in Salt Lake City, Utah. Rocky Mountain Geochemical Corp. used one assay ton splits that were fire assayed with a gravimetric finish.

All samples whether collected by the author or geological crew members under the supervision of the author followed a rigorous sampling protocol to remove external contamination from personal jewelry, sampling instruments, and collection technique. All samples were collected at each site, where an initial pit was used to dry wash sampling tools and a second pit was used to collect the sample from 12” to 18” deep. The sample was then screened through a 1/8 inch screen and the – 1/8 inch fraction placed in an air-tight container supplied by the Laboratory.

Lithochemical samples and core samples were analyzed at Skyline Assayers and Laboratories in Tucson, Arizona, an ISO/IEC 17025:2005 accredited facility. Skyline is independent of Canadian Mining Company Limited. Gold was analyzed by Fire Assay with an AA finish and the remaining elements were analyzed using ICP after an aqua regia digestion. Therefore, the non-gold results are partial if they are in refractory minerals. Soil analyses were performed using the enzyme leach protocol where elements above the local anomalous threshold may generate apical or halo patterns when contoured. Potential anomalous areas were generated for blind and hidden targets using industry-standard map pattern interpretive techniques.

All samples were in the possession of the author once collected in the field and reviewed to determine if any samples were missed. Samples were then boxed and carried to the laboratory in the author’s pick-up truck where chain of custody was handed over to the laboratory. All core samples were sawed longitudinally and sample splits were selected based on a pre-logging determination by the project geologist with guidance from the author. One half portion of the core remains in the core box for future confirmation analysis, if necessary. All of the core boxes were photographed. The samples were in the possession of the project geologist and/or the author or locked in a secure building with a watchman, at night. The only variance to the chain of custody described above was that the laboratory personnel used a large truck to transport the samples from the secure building to the laboratory.

All Canadian Mining Company Limited lithochemical samples from outcrop and core and all soil samples were submitted with field blanks and field standards within the sample stream. Once the analytical results were reported, the field standards and field duplicates were mathematically analyzed using statistical and graphical techniques to determine field-based precision (reproducibility) and relative field accuracy. Laboratory duplicates and standards were reviewed where reported do determine laboratory-based precision and accuracy for each portion of the data stream.

Since the author undertook the exploration programs of Canadian Mining Company Limited, he feels the sample preparation, security and analytical procedures were adequate for their exploration programs detailed in this technical report.

Data Verification

The author applied minimal verification procedures to the exploration results as he undertook all of the Canadian Mining Company Limited exploration programs documented in this report. He reviewed each set of analyses as they were received from Skyline Assayers and Laboratories. The author is satisfied the data is adequate for the purposes of this technical report.

Mineral Processing and Metallurgical Testing

This section is not applicable at present, as the Company is not currently at the stage of exploration where mineral processing or metallurgical testing are required.

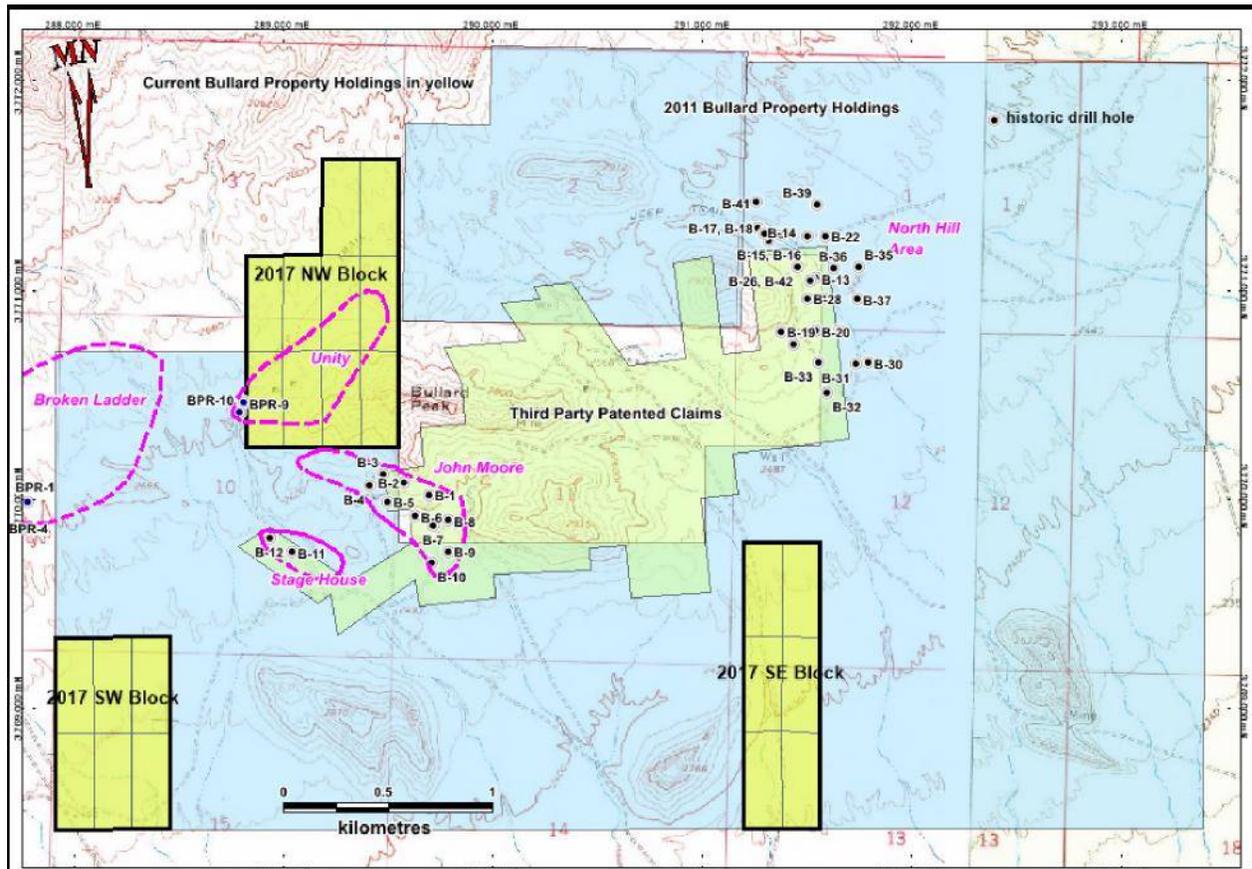
Mineral Resource Estimate

There are currently no mineral resource estimates for the Bullard Pass Property.

Adjacent Properties

This report is not relying on any information from adjacent properties.

The Bullard Pass area has been subject to historic exploration up to the late 1970’s when the potential to host detachment fault gold deposits was recognized. Most of the predetachment exploration was focused on the Third Party Patented Claims (Figure 12), and is summarized from Smith and Berridge (2000).



Datum NAD 83 Zone 12

Figure 11. Historic Exploration Outside of 2017 claim blocks

The ground underlying the patents was explored prior to the granting of the patents in 1907, however documented exploration is minimal prior to 1907. Durfee (1907-1910?) collected approximately 70 samples at 15 foot intervals along the western ½ of the Bullard vein as exposed in surface outcrops and limited underground workings. The results were plotted on a longitudinal section, not available to the author. He stated average grades were 2.94% copper and \$7.53 per ton gold (0.364 opt Au at \$20.67 per ounce).

Sansone (1984) reported that A.S. & R. Co. (now ASARCO) reported grades of 0.25 opt Au and 2.67% Cu from a sampling program detailed on a 1 inch to 40 feet map. No other details were provided.

Flagg (1941) documented shipments of 5,500 tons from the Bullard mine to a smelter at Hayden, Arizona. The recovered grades were 0.34 opt Au, 0.26 opt Ag and 2.2% Cu.

Maitland (1943) took 34 channel samples and 1 grab sample on the Bullard vein. Weighted average of the sampling was 0.25 opt Au and 3% Cu with a highlight of 0.50 opt Au and 9.25% Cu over a 6 foot vein width. The vein average width was 3.2 feet.

The U.S. Bureau of Mines drilled four “A” size (30mm diameter) core holes into the Bullard vein from the ridge above the vein. Maximum hole depth was 92 feet. Two holes intersected the vein and returned values of 0.20 opt Au and 1.3% Cu over 5.2 feet and 0.07 opt Au and 2.9% Cu over 2.8 feet respectively. (USBM, 1944).

Bombardieri (1957) completed a property examination for Shattuck Denn Mining Corporation taking a 40 inch sample at a depth of 70 feet in the Wooten Shaft. The sample assayed 0.05 opt Au and 2.5% Cu.

Contract Mining Corporation leased 25 of the Bullard patents and commenced mining a 4 to 20 foot wide vein in the footwall of the Bullard vein at a rate of 20 tons per day for silica flux. Approximately 4,000 tons were shipped during the 1980-1981 period. No grades were disclosed. (Delise, 1981).

NRG Resources acquired a 60% interest in the patents from Contact Mining and completed an assessment of both the patents and the surrounding ACM claims. No details on sampling were provided, though he identified five potential

areas on the property. (DeLise, 1981).

The ground surrounding the Third Party Patented Claims was staked by Sansone as the ACM lode claims in 1978, 166 in total. The claims were subsequently leased to Unity Mining Company who completed limited surface excavation on the veins at the west end of Bullard Peak. No sampling details were provided. (Sansone, 1984).

Riggs (1984) completed a sampling program on the ACM claims for Sansone, collecting 29 samples from veins located in the Unity area, the John Moore vein, the Owl vein, the Broken Ladder area and the Accident Hill area. The samples came from discrete veins with some assays in excess of 1 opt Au. No other details were provided. Geise (1984) subsequently completed a second report on the ACM claims, recognizing the detachment fault setting of the property. No sampling details were provided.

Resource Exploration and Development Co. (REDCO) conducted a reconnaissance sampling program in the areas west and southwest of the Bullard Peak, concentrating on the southwestern portion of the ACM claim group. REDCO confirmed the presence of narrow, high grade veins, returning highlighted grades of 1.54 opt Au. At the Broken Ladder prospect they obtained grades between 0.08 and 0.21 opt Au, in three sub-adjacent samples, representing zones 5 to 10 feet wide. A five foot channel sample at Unity, in the hanging wall of a vein assayed at 0.27 opt Au. Hanging wall mineralization at the John Moore vein assayed 0.11 opt Au. No other sampling details were provided.

Two drilling campaigns followed: Freeport McMoRan in 1987 and Cominco American on 1989- 1990. The collar locations are shown on Figure 11 and the results are shown in Tables 7a and 7b.

Table 7a. Historic Freeport McMoRan Gold Co. Drilling (Spencer and Reynolds, 1992).

Hole	Azimuth	Dip	Length	Zone (ft)	opt Au	Hole	Azimuth	Dip	Length	Zone (ft)	opt Au
BPR-1	345	-80	300	0-15	0.0057	BPR-3	340	-60	305	140-145	0.007
				65-70	0.009	BPR-4	345	-60	400	20-25	0.006
				150-155	0.007	BPR-5	335	-60	200	---	---
BPR-2	355	-60	305	50-55	0.009	BPR-6	330	-60	300	---	---
				60-65	0.007	BPR-7	320	-60	200	---	---
				75-85	0.0055	BPR-8	0	-90	385	---	---
				90-95	0.008	BPR-9	45	-60	300	---	---
				105-120	0.0087	BPR-10	10	-60	305	45-50	0.089

Freeport McMoRan Gold Co. drilled four holes in the Broken Ladder area, four holes in the Accident Hill area and 2 holes in the Unity area, all in the southwestern portion of the ACM claims in 1987. The best intersection was 0.089 opt Au over 5 feet in BPR-10 at the Unity area, just above the Bullard fault. (Figure 3a, Table 2). (Spencer and Reynolds, 1992).

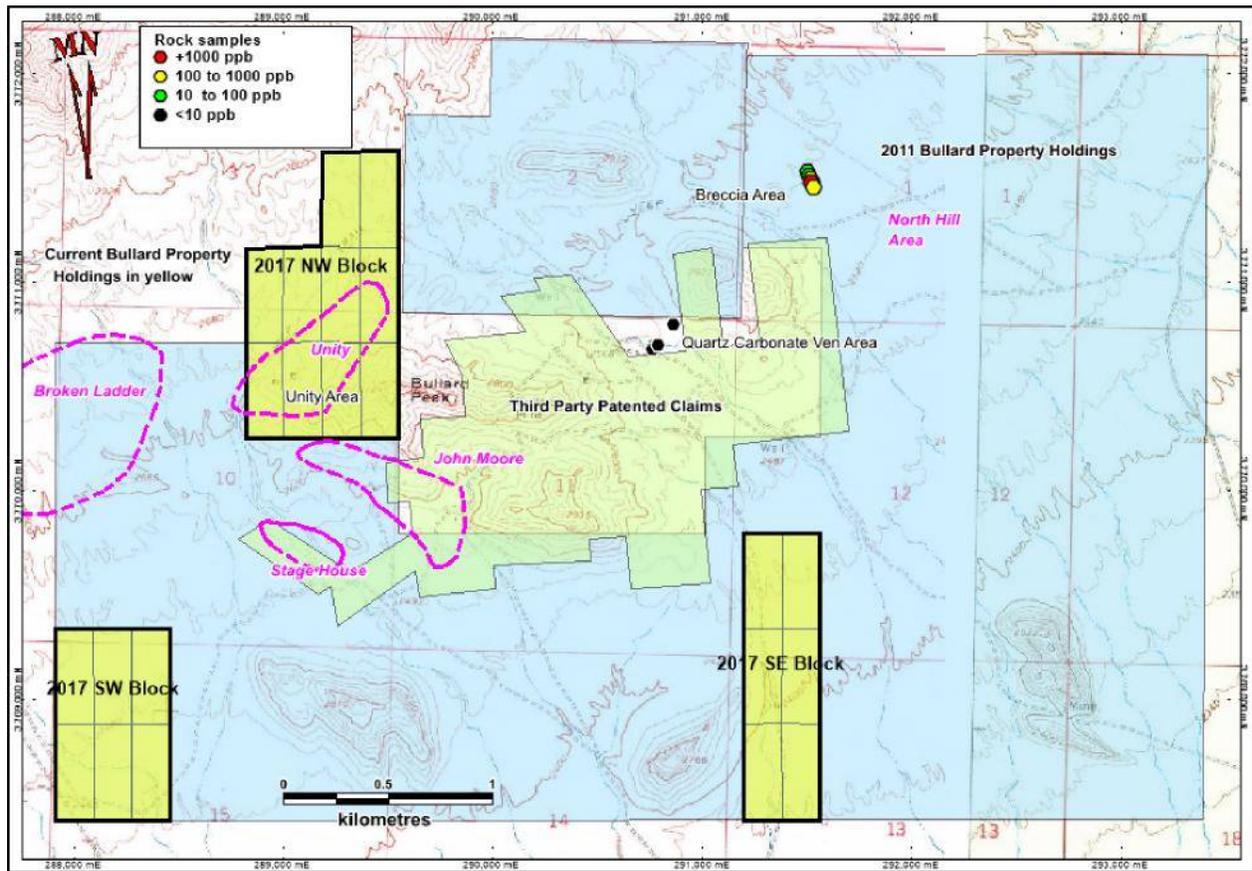
Cominco American Resources Inc. drilled 30 holes in the North Hill (B-13 to B-42) and 10 holes in the John Moore (B-1 to B-10) and two holes in the Stage House area (B-11 to B-12) in 1989 and 1990. Highlight grades of 0.247 opt Au over 5 feet in the North Hill area, where several holes hit gold mineralization. Most of the holes in the John Moore area subsequently appear to have been drilled in the unaltered footwall of the vein, as opposed to the silicified wall rocks on the hanging wall. A few drill holes were located in the hanging wall of the John Moore vein, but only slightly anomalous Au values were intercepted. All of their drill holes were structurally high above the Bullard fault. (Spencer and Reynolds, 1992).

Canadian Mining Company Limited acquired the bulk of the ground held by the former ACM claims in 2007. They completed lithogeochemical sampling, orientation, Phase I and Phase II enzyme leach soil sampling and diamond drilling between 2007 and 2010.

Table 7b. Historic Cominco American Resources Inc. Drilling (Spencer and Reynolds, 1992).

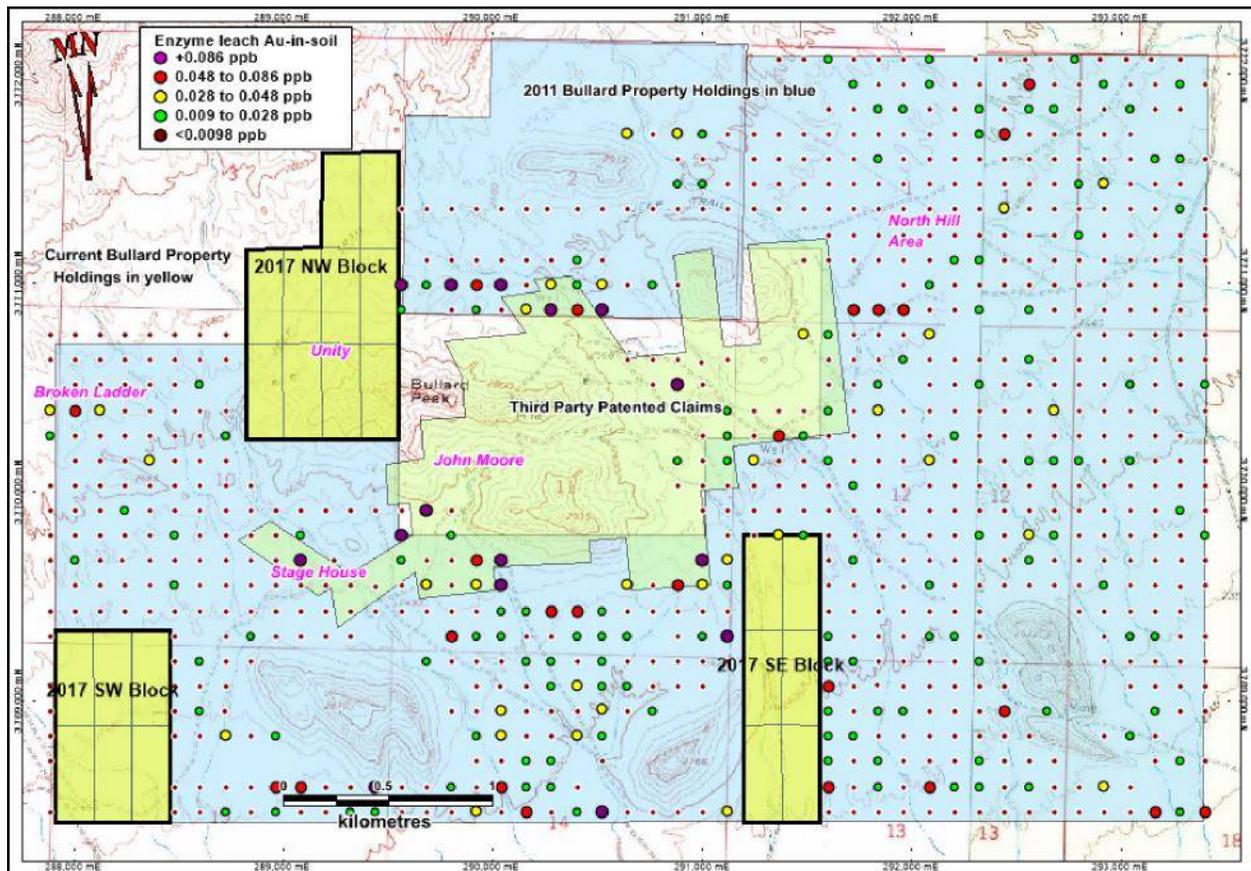
Hole	Azimuth	Dip	Length	Zone (ft)	opt Au	Hole	Azimuth	Dip	Length	Zone (ft)	opt Au	
B-1			300	255-260	42	B-20	270	-60	550	130-155	0.016	
B-2			300	65-70	280	B-21	270	-60	560	510-515	0.01	
B-3			250	40-45	6965					535-540	0.025	
B-4			250	45-50	585	B-22	90	-60	500	---	---	
B-5			250	---	---	B-23	90	-60	750	15-35	0.123	
B-6			250	---	---					220-225	0.021	
B-7			250	---	---	B-24	0	-90	400	---	---	
B-8			155	30-35	250	B-25	90	-60	400	---	---	
				35-60	79	B-26	90	-60	400	---	---	
B-9			250	135-140	256	B-27	90	-60	400	---	---	
B-10			250	35-40	290	B-28	90	-60	400	---	---	
B-11			250	45-50	775	B-29	90	-60	400	45-50	0.008	
B-12			250	---	---	B-30	90	-60	400	---	---	
B-13	0	-90	200	---	---	B-31	270	-60	400	---	---	
B-14	0	-90	95	55-85	0.187	B-32	90	-60	400	300-305	0.005	
B-15	270	-45	225	85-110	0.197	B-33	90	-60	500	105-110	0.031	
				125-145	0.029	B-34	90	-60	420	55-60	0.045	
B-16	270	-65	350	100-105	0.038					350-355	0.012	
				115-130	0.052	B-35	90	-60	400	5-10	0.002	
				130-160	0.018	B-36	90	-60	400	---	---	
				170-175	0.015	B-37	90	-60	400	85-110	0.033	
				190-195	0.049					120-125	0.019	
				200-205	0.247					300-305	0.09	
B-17	90	-45	225	75-100	0.078	B-39	90	-60	420	10-15	0.016	
				100-120	0.023					45-90	0.011	
B-18	90	-65	350	105-115	0.051					105-110	0.008	
				150-155	0.012					135-185	0.01	
B-19	90	-90	735	165-205	0.013	B-41	90	-60	400	335-350	0.003	
				2015-250	0.021	B-42	0	-90	800	---	---	
				545-550	0.024							
				575-590	0.013							

The lithochemical sampling concentrated on two areas outside of the 2017 claim blocks: Breccia Area and Quartz Carbonate Area (Figure 12a). The Breccia Area is underlain by Tertiary brecciated mafic volcanic rocks containing fragments variably altered to hematite and cemented with multiple episodes of vein-quartz deposition. Copper oxide mineralization forms a coating on the outcrops in the southern portion of the outcrops. The Quartz Carbonate Area hosts quartz carbonate veins similar to the veins west of the Unity mine in a major creek and its tributaries. The five samples from the Breccia area ranged from 20 to 1405 ppb Au and 547 to 6526 ppm Cu. The four samples from the Quartz Carbonate area ranged background in gold to 129 to 509 ppm Cu.



Datum NAD 27 Zone 12

Figure 12a. Historic Rock Sample Locations Outside Claim Blocks

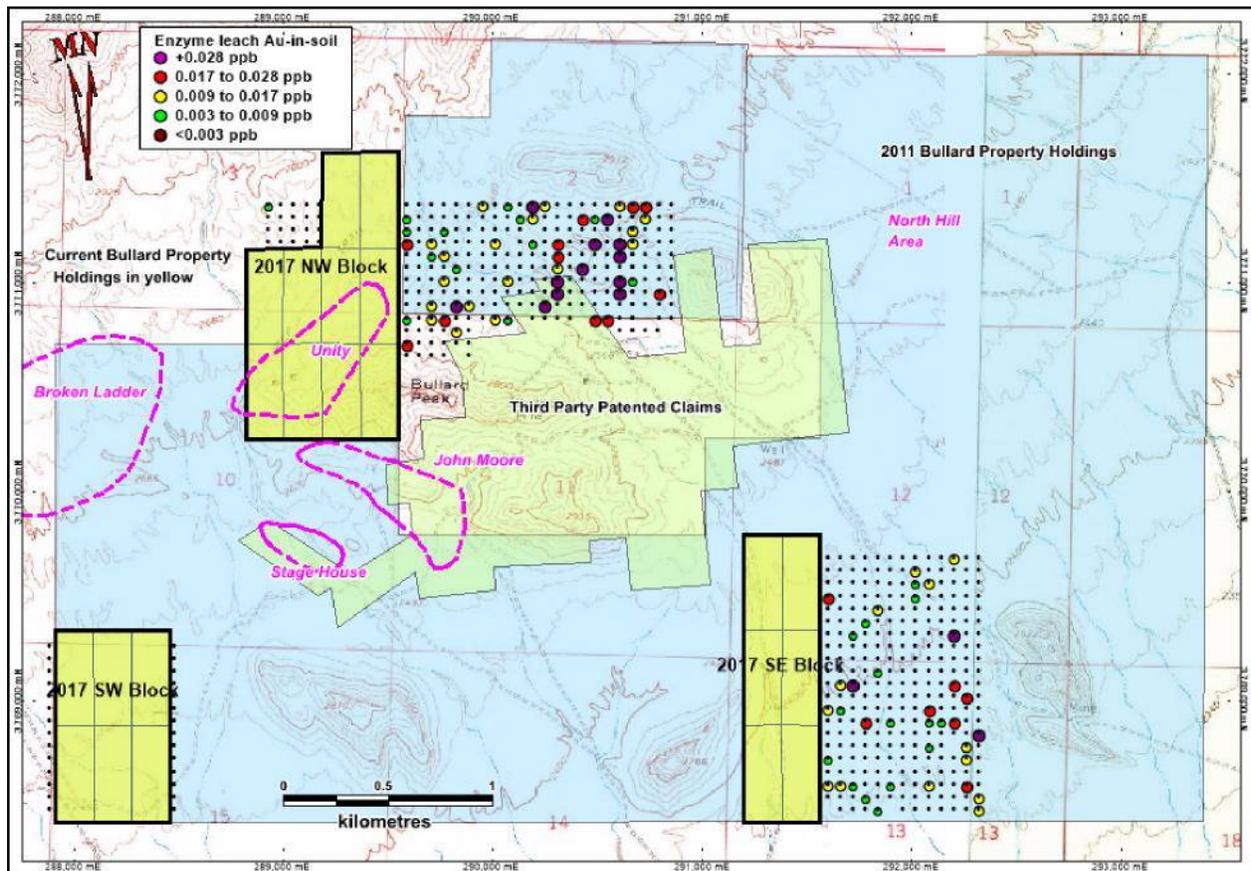


Datum NAD 27 Zone 12

Figure 12b. Phase I Soil Locations Outside Claim Blocks

Canadian Mining Company Limited next completed two phases of enzyme leach soil sampling, a Phase I program at 120 metres by 120 metres line spacing totaling 938 samples; and a Phase II program consisting of three 60 metre by 60 metre detailed grids over the anomalous areas from the Phase I program adding an additional 936 samples. The statistics for both surveys are shown in Table 4.

The Phase I soil program results indicated that precious metal, base metal, and hydrothermal element anomalies with geologically reasonable patterns were present in the soils over both the pediment gravels and overlying exposed Tertiary volcanic rocks. The raw gold-in-soil values are shown in Figure 12b. Several cluster anomalies were noted throughout the grid.



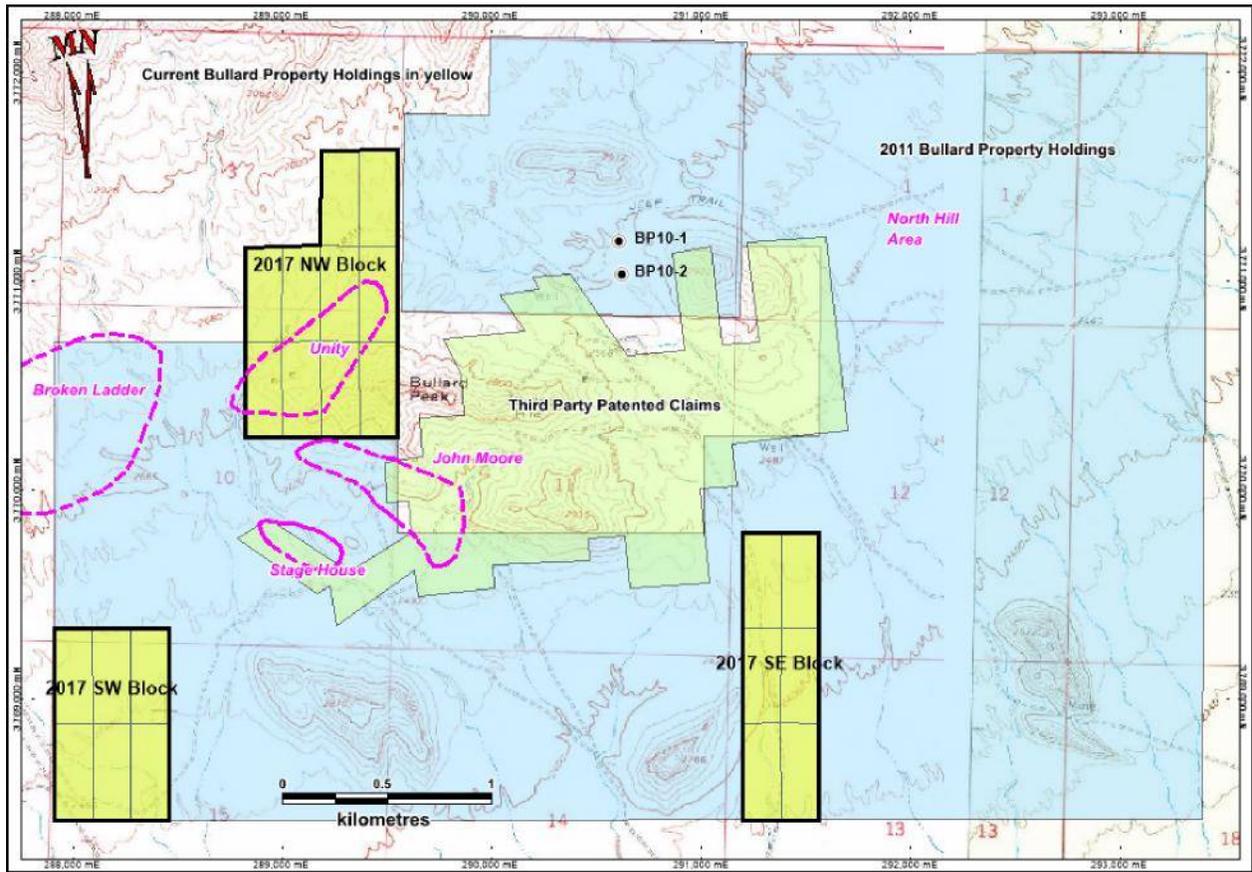
Datum NAD 27 Zone 12

Figure 12c. Phase II Soil Locations Outside Claim Blocks

The Phase II soil program concentrated in three areas of the Phase I grid. The raw gold data is shown in Figure 12c, Aside from the key areas with the three current claim blocks, several cluster anomalies were located outside of the SE and NW current claim blocks.

Table 8. 2010 Drilling Program Details Outside Claim Blocks

Hole	27Z12E	27Z12N	Elevation	Length	Hole	27Z12E	27Z12N	Elevation	Length
BP10-01	290607	3771200	2500	504.5	BP10-02	290623	3771036	2475	504.5



Datum NAD 27 Zone 12

Figure 12d. Drill Hole Locations Outside Claim Blocks

Table 9a. Drill Hole BP10-01 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-4.5	< 5	100-105	10	195-200	5	300-305	< 5	405-410	6
4.5-6	8	105-110	< 5	200-205	< 5	305-310	< 5	410-415	< 5
6-10	< 5	110-115	< 5	205-210	5	310-315	< 5	415-420	< 5
10-15	< 5	115-120	7	210-215	< 5	315-320	6	420-425	< 5
15-20	< 5	120-125	5	215-220	< 5	320-325	5	425-430	5
20-25	< 5	125-130	6	220-225	5	325-330	5	430-435	6
25-30	< 5	130-135	5	225-230	< 5	330-335	< 5	435-440	< 5
30-35	< 5	135-140	< 5	230-235	< 5	335-340	5	440-445	14
35-40	< 5	140-145	7	235-240	< 5	340-345	10	445-450	5
40-45	< 5	145-147.5	6	240-245	< 5	345-350	5	450-455	10
45-50	< 5	147.5-151	10	245-250	5	350-355	< 5	455-460	7
50-55	< 5	151-154.5	11	250-255	< 5	355-360	5	460-465	< 5
55-60	< 5	154.5-158	5	255-260	6	360-365	< 5	465-470	< 5
60-65	< 5	158-161.5	9	260-265	< 5	365-370	< 5	470-475	< 5
65-70	< 5	161.5-165	5	265-270	< 5	370-375	< 5	475-480	< 5
70-77	< 5	165-169.5	6	270-275	5	375-380	5	480-485	< 5
77-79	< 5	169.5-176	< 5	275-280	< 5	380-385	< 5	485-490	< 5
79-85	< 5	176-180	< 5	280-285	< 5	385-390	6	490-495	< 5
85-90	< 5	180-185	< 5	285-290	6	390-395	6	495-500	< 5
90-95	< 5	185-190	8	290-295	8	395-400	< 5	500-504.5	< 5
95-100	6	190-195	< 5	295-300	8	400-405	12		

The objectives for drill holes BP10-1 and BP10-2 included testing the mineral favorability of the upper plate Tertiary conglomerate that was previously untested by drilling and to attempt to drill through the upper plate and the Bullard Detachment Fault into the lower plate. Holes BP10-1 and BP10-2 are located within the center of a large annular gold anomaly associated with anomalous silver, arsenic, barium, copper, lead, antimony, and zinc annular anomalies. All these anomalies are based on interpreting contoured soil data generated by using the Enzyme Leach technique. Hole BP10-2 is also sited over an apical anomaly for gold. Detectable gold (average = 5 to 20 ppb) in eighteen separate intercepts that range from five to twenty feet thick is associated locally within the pathfinder element intercepts in BP10-1.

In the upper 300 feet of BP10-2, 62% of the samples have detectable gold. In the entire 500 foot hole twenty-three separate intercepts range from five to twenty feet thick. The detachment fault was not reached in either hole indicating that its dip is greater than 15°.

Table 9b Drill Hole BP10-02 Gold Assay Results

Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au	Footage	ppb Au
0-9.5	10	100-105	8	205-210	7	310-315	5	415-420	< 5
9.5-11	13	105-110	< 5	210-215	11	315-320	5	420-425	< 5
11-13.5	5	110-115	< 5	215-220	7	320-325	< 5	425-430	< 5
13.5-16.5	7	115-120	5	220-225	< 5	325-330	< 5	430-435	< 5
16.5-20	7	120-125	5	225-230	8	330-335	6	435-440	< 5
20-25	< 5	125-130	< 5	230-235	6	335-340	< 5	440-445	< 5
25-30	7	130-135	< 5	235-240	6	340-345	5	445-450	< 5
30-35	5	135-140	6	240-245	5	345-350	< 5	450-455	< 5
35-40	6	140-145	< 5	245-250	< 5	350-355	< 5	455-460	< 5
40-45	6	145-150	< 5	250-255	8	355-360	5	460-465	< 5
45-50	< 5	150-155	7	255-260	5	360-365	5	465-470	7
50-55	9	155-160	6	260-265	< 5	365-370	6	470-475	< 5
55-60	5	160-165	< 5	265-270	6	370-375	< 5	475-480	< 5
60-65	5	165-170	8	270-275	< 5	375-380	< 5	480-485	< 5
65-70	6	170-175	< 5	275-280	< 5	380-385	< 5	485-490	< 5
70-75	< 5	175-180	< 5	280-285	9	385-390	5	490-495	< 5
75-80	7	180-185	< 5	285-290	< 5	390-395	< 5	495-500	< 5
80-85	8	185-190	5	290-295	< 5	395-400	< 5	500-504.5	< 5
85-90	7	190-195	< 5	295-300	10	400-405	6		
90-95	16	195-200	7	300-305	< 5	405-410	< 5		
95-100	7	200-205	10	305-310	< 5	410-415	< 5		

Other Relevant Data and Information

There is no additional relevant data or information that is not disclosed on the Bullard Pass property to the best of the author’s knowledge.

Interpretation and Conclusions

A preliminary geological review of the various data packages in the vicinity of the Bullard Pass Property that are currently available indicates that the property is located in an area with gold mineralization associated with the detachment fault model. Previous work concentrated on the Bullard Peak Property where gold-bearing veins are located in discontinuous fault zones and small shear zones cropping out in erosional remnants surrounded by pediment gravels. Besides confirming that mineralization is fault controlled in this area, Cominco’s geophysical work on the flank of North Hill and subsequent drilling indicated that fault controlled mineralization exists under pediment gravels. This led to the 2007 staking and is the geological model on which the current claims are staked. A review of the geologic map by Smith and Berridge (2000) indicated the detachment fault underlies the property, and based on the orientation of Tertiary volcanic rock units in separate isolated hills that major upper-plate structures are buried under the gravels. Potentially, it can be inferred that these large structures enhanced erosion and

therefore these pre- or syn-mineralization structures may host larger zones of mineralization than the small tight shear and fault zones on the resistant erosional remnants.

The Phase I and Phase II enzyme leach soil programs were successful in highlighting area for drilling follow-up utilizing the author's proprietary treatment of the data. The 6 holes completed to date were successful in location anomalous gold values and geochemical signatures that warrant further drilling.

The author feels the Bullard Pass property is a property of merit and further exploration is warranted.

A 3,500 foot drill program should be undertaken to follow up on the earlier exploration programs.

The author is not aware of any significant risks or uncertainties that could be reasonably expected to affect the reliability or confidence in the exploration information.

Recommendations

An exploration program consisting of 3,500 feet of HQ diamond drilling is recommended for the Bullard Pass property. At an average depth of 500 feet this budget will be sufficient for seven drill holes. Four holes will be drilled on the NW block following up the results of BP10-03, two holes will be drilled on the SW Block and one hole will be drilled on the SE block. The cost of this program is estimated at \$373,100 as detailed in Table 10.

Table 10. 2017 Exploration Budget

Breakdown of Budget

Allow 32 days to drill 3500 feet

Contract geologist core drilling	32	days	@	\$1,000	/day	\$32,000
Sampler	32	days	@	\$450	/day	\$14,400
Room & Board	64	days	@	\$150	/day	\$9,600
Vehicle + Fuel	32	days	@	\$200	/day	\$6,400
Drill Mob / Demob						\$2,500
Footage (all in)	3500	feet	@	\$75	/foot	\$262,500
Analysis - rock	700	sample	@	\$50	/sample	\$35,000
Data verification	28	sample	@	\$25	/sample	\$700
Documentation						\$10,000
Contingency						
Total Budget						\$373,100

IMC SELECTED FINANCIAL INFORMATION

The following table sets out selected unaudited *pro forma* financial information in respect of IMC as at June 30, 2018, as if the Arrangement had been completed as of June 30, 2018 and should be considered in conjunction with the more complete information contained in the unaudited *pro forma* balance sheet of IMC appended as Schedule “J” to the Circular. All currency amounts are stated in Canadian dollars.

	As at June 30, 2018
Unaudited prepared by management	
Current assets	1
Exploration and Evaluation assets	78,357
Total assets	78,358
Total liabilities	60,000
IMC Shareholders’ equity	18,358

The following table sets out selected *carve-out* financial information in respect of IMC’s business as at September 30, 2018, as if the Arrangement had been completed as of September 30, 2018, and should be read in conjunction with the more complete information provided in the *carve-out* statement of comprehensive loss of IMC’s business appended as Schedule “I” to the Circular. All currency amounts are stated in Canadian dollars.

	As at September 30, 2018
Operating income	Nil
Net income	303
Comprehensive income	303

DESCRIPTION OF THE IMC COMMON SHARES

The authorized capital of IMC consists of an unlimited number of common shares. On completion of the Arrangement, it is anticipated that there will be 3,246,625 IMC Common Shares outstanding (assuming no Chemesis Options or Chemesis Warrants are exercised prior to the Effective Time) and approximately 524,973 IMC Common Shares reserved for issuance on exercise of Chemesis Options and Chemesis Warrants.

Dividend Policy

IMC has not paid dividends since its incorporation. IMC currently intends to retain all available funds, if any, for use in its business and does not anticipate paying any dividends for the foreseeable future.

Voting and Other Rights

Holders of IMC Common Shares are entitled to one vote per share at all meetings of shareholders, to receive dividends as and when declared by the directors and to receive a pro rata share of the assets of IMC available for distribution to holders of IMC Common Shares in the event of liquidation, dissolution or winding up of IMC. All rank *pari passu*, each with the other, as to all benefits which might accrue to the holders of common shares of IMC.

CONSOLIDATED CAPITALIZATION

IMC has not completed a financial year. There have not been any material changes in the share and loan capital of IMC since the date of incorporation. See the balance sheet of IMC as at September 30, 2018, appended as Schedule “H” to the Circular.

OPTIONS AND OTHER RIGHTS TO PURCHASE SHARES

The board of directors of IMC (the “**IMC Board**”) has adopted an equity incentive plan (the “**IMC Plan**”), subject

to approval by the holders of IMC Common Shares (the “**IMC Shareholders**”) and the Exchange. The purpose of the IMC Plan is to allow IMC to grant awards to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of IMC. The granting of such awards is intended to align the interests of such persons with that of the shareholders.

Pursuant to the Plan of Arrangement, for each Chemiesis Option exercisable for a Common Share that is outstanding immediately before the Effective Time, which has not been duly exercised or cancelled, will be deemed to be exchange for one-twentieth of one fully-vested IMC Option.

It is estimated that the following IMC Options will be issued and outstanding under the IMC Plan as of the Effective Date:

Number of IMC Options	Exercise Price⁽¹⁾	Expiry Date
7500	1.00	September 18, 2019
17,500	0.50	June 9, 2022
15,000	1.10	August 18, 2022
240,000	1.00	July 22, 2023
10,000	1.74	September 27, 2023
15,000	1.40	November 6, 2023

Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Chemiesis Option and each IMC Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Chemiesis Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

No other awards have been granted under the IMC Plan or otherwise since incorporation. As the date hereof, there is no current market for the IMC Common Shares. As such, the market value of the IMC Common Shares underlying the IMC Options has not been determined. The exercise prices of the IMC Options are subject to adjustment in accordance with the Plan of Arrangement, such that the In-The-Money Amounts of the Replacement Chemiesis Options and the IMC Options does not exceed that of the Chemiesis Options exchanged pursuant to the Plan of Arrangement.

The full text of the IMC Plan is available for viewing at IMC’s offices at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4.

PRIOR SALES

IMC has not issued any shares except one incorporation IMC Common Share to Brian Thurston on August 30, 2018, for consideration of \$1.00.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

There are no IMC Common Shares currently held in escrow or that are subject to a contractual restriction on transfer. On completion of the Arrangement, no IMC Common Shares will be held in escrow by the Transfer Agent.

RESALE RESTRICTIONS

See “Canadian Securities Laws and Resale of Securities” in the Circular.

There is currently no market through which the IMC Common Shares may be sold and, unless the IMC Common Shares are listed on a stock exchange, Shareholders may not be able to resell the IMC Common Shares.

PRINCIPAL SECURITYHOLDERS

To the knowledge of IMC's directors and executive officers, and based on existing information as of the date hereof, no person or company, upon completion of the Arrangement will, beneficially own, or control or direct, directly or indirectly, voting securities of IMC carrying 10% or more of the voting rights attached to any class of voting securities of IMC.

DIRECTORS AND OFFICERS

The following table sets forth certain information with respect to each proposed director and executive officer of IMC.

Name, Jurisdiction of Residence and Position(s) ⁽¹⁾	Principal Occupation ⁽¹⁾	Number of IMC Common Shares Beneficially Owned, Controlled or Directed, Directly or Indirectly, Immediately Following the Completion of the Arrangement ⁽³⁾	Percentage of IMC Common Shares Issued and Outstanding Immediately Following the Completion of the Arrangement ⁽⁴⁾
Brian Thurston Port Moody, BC <i>President, CEO, Corporate Secretary and Director</i>	Businessman	5,000 IMC Common Shares 25,000 IMC Options Nil IMC Warrants	0.15%
Dave McMillan Vancouver, BC <i>Director</i>	Businessman	Nil IMC Common Shares 10,000 IMC Options 2,500 IMC Warrants	Nil
Mike Aujla Vancouver, BC <i>Director</i>	Businessman	Nil IMC Common Shares 12,500 IMC Options Nil IMC Warrants	Nil
Eli Dusenbury Vancouver, BC <i>CFO</i>	Accountant	Nil IMC Common Shares 10,000 IMC Options Nil IMC Warrants	Nil

Notes:

- (1) The information as to residence and principal occupation, not being within the knowledge of Chemesis or IMC, has been furnished by the respective directors and officers individually.
- (2) Directors serve until the earlier of the next annual general meeting or their resignation.
- (3) The information as to securities beneficially owned or over which a director or officer exercises control or direction, not being within the knowledge of Chemesis or IMC, has been furnished by the respective directors and officers individually based on shareholdings in Chemesis as of the date of the Circular.
- (4) Assuming approximately 3,246,625 IMC Common Shares are outstanding after completion of the Arrangement.

Upon the completion of the Arrangement, it is expected that the directors and executive officers of IMC as a group, will beneficially own, directly or indirectly, or exercise control or direction over an aggregate of approximately 5,000 IMC Common Shares, representing approximately 0.15% of the issued IMC Common Shares, assuming no Chemesis Options are exercised prior to the Effective Time.

The principal occupations of each of the proposed directors and executive officers of IMC within the past five years are disclosed in the brief biographies set forth below.

Brian Thurston, P. Geo – President, CEO, Corporate Secretary & Director. Mr. Thurston is a professional geologist and holds an Honours Bachelor of Science degree in Geology from the University of Western Ontario. Mr. Thurston has over 25 years' experience working as a geologist around the globe including North, Central and South America, Africa and India. He has experience working on projects from grass roots to feasibility level. Mr. Thurston was instrumental in the initial exploration, land acquisition and development of Aurelian Resources Ecuador grass roots exploration and held the position of Country Manager in Ecuador from 2004 to 2006. Kinross in 2008 acquired Aurelian Resources in a \$1.2B friendly deal. Mr. Thurston transitioned from geologist to corporate positions in 2004 and has founded several public companies and held positions of director and officer, as well as served on multiple committees including audit, disclosure, and corporate governance.

Dave McMillan – Director. Mr. McMillan brings over 45 years of experience in resource industries. His career has spanned manufacturing, marketing, sales and finance, including 17 years as an investment advisor, VP, Senior VP, Director, and member of the Executive Committee of a large privately-held Canadian brokerage firm. Mr. McMillan currently holds executive positions and sits on the boards of several public and private companies.

Mike Aujla – Director. Mr. Aujla brings over 15 years of experience acting as a lawyer, director and officer for both public and private companies. He holds a Bachelor of Arts degree from the University of British Columbia and a Juris Doctorate from the University of Victoria. Mr. Aujla was previously a corporate lawyer who worked with top international law firms. He has experience advising companies in financial services, corporate mergers and acquisitions, and commercial real estate in various jurisdictions.

Eli Dusenbury – CFO. Mr. Dusenbury has extensive experience in public accounting, providing services to both public and private sector clients reporting in Canada and in the U.S. over a broad range of industries including, but not limited to, technology, agriculture, engineering, mining & exploration, manufacturing, and financing. Mr. Dusenbury obtained his Chartered Professional Accountant designation in 2011 and holds a BBA in business and accounting from Capilano University.

Corporate Cease Trade Orders, Bankruptcies, Penalties or Sanctions or Individual Bankruptcies

To the knowledge of IMC, no director or executive officer:

- (A) is, as at the date of the Circular, or has been, within ten years before the date of the Circular, a director, chief executive officer or chief financial officer of any company (including IMC) that:
 - (I) was the subject, while the director was acting in that capacity as a director, chief executive officer or chief financial officer of such company, of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days; or
 - (II) was subject to a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the director ceased to be a director, chief executive officer or chief financial officer but which resulted from an event that occurred while the director was acting in the capacity as director, chief executive officer or chief financial officer of such company; or
- (B) is, as at the date of the Circular, or has been within 10 years before the date of the Circular, a director or executive officer of any company (including IMC) that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (C) has, within the ten years before the date of the Circular, become bankrupt, made a proposal under any

legislation relating to bankruptcy or insolvency, or become 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 the director; or

To the knowledge of IMC, no director or executive officer has been subject to:

- (A) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (B) any penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Indebtedness of Directors, Executive Officers and Senior Officers

There is and has been no indebtedness of any director, executive officer or senior officer or associate of any of them, to or guaranteed or supported by IMC during the period from incorporation.

STATEMENT OF EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

IMC has not yet developed a compensation program. IMC anticipates that it will adopt a compensation program that reflects its stage of development, the main elements of which are expected to be comprised of base salary, option-based awards and annual cash incentives, which elements are similar to those paid by Chemosis and described in the Circular. Please see “Statement of Executive Compensation” in the Circular.

Summary Compensation

No compensation has been paid to date. In addition, IMC has no compensatory plan or other arrangements in respect of compensation received or that may be received by its CEO and CFO in its current financial year.

Following the completion of the Arrangement, IMC will establish a Compensation Committee (the “**Compensation Committee**”), which will administer the compensation mechanisms to be implemented by the IMC Board. The individuals that will be appointed to the Compensation Committee, once formed, will each have direct experience that is relevant to their responsibilities in determining executive compensation for IMC.

On an annual basis, the Compensation Committee will review the compensation of the Named Executive Officers to ensure that each is being compensated in accordance with the objectives of IMC’s compensation program, which will be to:

- provide competitive compensation that attracts and retains talented employees;
- align compensation with shareholder interests;
- pay for performance;
- support the IMC’s vision, mission and values; and
- be flexible to recognize the needs of IMC in different business environments.

IMC does not currently have any compensation policies or mechanisms in place. The compensation policies are anticipated to be comprised of three components; namely, base salary, equity compensation in the form of stock options, and discretionary performance-based. In addition, Named Executive Officers will be entitled to participate in a benefits program to be implemented by IMC. A Named Executive Officer’s base salary will be intended to remunerate the Named Executive Officer for discharging job responsibilities and will reflect the executive’s performance over time. Base salaries are used as a measure to compare to, and remain competitive with, compensation offered by competitors and as the base to determine other elements of compensation and benefits. The stock option component of a NEO’s compensation, which includes a vesting element to ensure retention, will aim to meet the objectives of the compensation program to be implemented, by both motivating the executive

towards increasing share value and enabling the executive to share in the future success of IMC. Discretionary performance-based bonuses will be considered from time to time to reward those who have achieved exceptional performance and meet the objectives of IMC's compensation program by rewarding pay for performance. Other benefits will not form a significant part of the remuneration package of any of the Named Executive Officers of IMC.

The IMC Board has adopted the IMC Plan, which plan is also subject to approval by the IMC Shareholders. The IMC Plan will allow for the granting of incentive stock options to its officers, employees and directors. The purpose of granting such options would be to assist IMC in compensating, attracting, retaining and motivating the directors of IMC and to closely align the personal interests of such persons to that of the shareholders of IMC.

Option-Based Awards

The purpose of the IMC Plan is to allow IMC to grant options to directors, officers, employees and consultants, as additional compensation, and as an opportunity to participate in the success of IMC. The granting of such options is intended to align the interests of such persons with that of the shareholders. The IMC Plan, once implemented, will be used to provide awards which will be awarded based on the recommendations of the directors of IMC, taking into account the level of responsibility of such person, as well as his or her past impact on or contribution to, and/or his or her ability in future to have an impact on or to contribute to the longer-term operating performance of IMC. In determining the number of awards to be granted, the IMC Board will take into account the number of awards, if any, previously granted, and the exercise price of any outstanding awards to ensure that such grants are in accordance with the policies of the Exchange and to closely align the interests of such person with the interests of shareholders. The IMC Board will determine the vesting provisions of all award grants.

The approximate number of individuals eligible to participate in the IMC Plan, as a result of receiving IMC Options on completion of the Arrangement is set out below:

Class of Eligible Participant	Approximate Number of Eligible Participants
Directors of Chemesis	4
Executive Officers of Chemesis	2
Employees and Consultants of Chemesis	1

Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, for each Chemesis Option exercisable for a Common Share that is outstanding immediately before the Effective Time, which has not been duly exercised or cancelled, will be deemed to be exchange for one-twentieth of one fully-vested IMC Option.

Provided that no Chemesis Options will have been duly exercised or cancelled prior to the Effective Time, it is estimated that the following IMC Options will be held by IMC's executive officers, under the IMC Plan, as of the Effective Date:

Name	Number of securities underlying unexercised IMC Options	Expected IMC Option Exercise Price (\$) ⁽¹⁾	IMC Option Expiry Dates
Brian Thurston <i>CEO, President, Corporate Secretary and Director</i>	25,000	1.00	22 July 2023

Eli Dusenbury <i>CFO</i>	10,000	1.74	27 September 2023
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Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Chemesis Option and each IMC Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Chemesis Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

Incentive Plan Awards

IMC does not have any incentive plans, pursuant to which compensation that depends on achieving certain performance goals or similar conditions within a specified period is awarded, earned, paid or payable to its Named Executive Officers. Other than the IMC Options that the Named Executive Officers will receive on completion of the Arrangement, IMC has made no option-based or share-based awards to any of its Named Executive Officers.

Pension Plan Benefits

IMC does not have a pension plan that provides for payments or benefits to the Named Executive Officers at, following, or in connection with retirement.

Termination of Employment, Change in Responsibilities and Employment Contracts

Other than as set out below, IMC has no employment contracts between it and either of its Named Executive Officers. Further, it has no contract, agreement, plan or arrangement that provides for payments to a Named Executive Officer following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of IMC or its subsidiaries, if any, or a change in responsibilities of a Named Executive Officer following a change of control. IMC will consider entering into contracts with its Named Executive Officers following completion of the Arrangement.

Defined Benefit or Actuarial Plan Disclosure

IMC has no defined benefit or actuarial plans.

Director Compensation

IMC currently has no arrangements, standard or otherwise, pursuant to which directors are compensated by IMC for their services in their capacity as directors, or for committee participation, involvement in special assignments or for services as a consultant or expert since its incorporation on August 30, 2018 and up to and including the date of the Circular.

Upon completion of the Arrangement, IMC will adopt a compensation program for directors. The objectives of the director compensation program will be to attract, retain and inspire performance of members of the IMC Board of a quality and nature that will enhance IMC's growth. The compensation will be intended to provide an appropriate level of remuneration considering the experience, responsibilities, time requirements and accountability of directors. The philosophy, and market comparisons and review with respect to director compensation, will be the same as for the executive compensation programs to be implemented by IMC.

The IMC Plan, once implemented, will allow for the granting of awards to its officers, employees and directors. The purpose of granting such awards would be to assist IMC in compensating, attracting, retaining and motivating the directors of IMC and to closely align the personal interests of such persons to that of the shareholders of IMC.

Outstanding Option-Based Awards

Pursuant to the Plan of Arrangement, for each Chemesis Option exercisable for a Common Share that is outstanding immediately before the Effective Time, which has not been duly exercised or cancelled, will be deemed to be exchange for one-twentieth of one fully-vested IMC Option.

Provided that no Chemesis Options will have been duly exercised or cancelled prior to the Effective Time, it is estimated that the following IMC Options will be held by IMC's directors, other than the Named Executive Officers, under the IMC Plan, as of the Effective Date:

Name	Number of securities underlying unexercised IMC Options	Expected IMC Option Exercise Price (\$) ⁽¹⁾	IMC Option Expiry Dates
Dave McMillan <i>Director</i>	10,000	1.00	22 July 2023
Mike Aujla <i>Director</i>	12,500	1.00	22 July 2023

Note:

- (1) Subject to adjustment in accordance with the Plan of Arrangement. The exercise prices of each Replacement Chemesis Option and each IMC Option issued pursuant to the Arrangement shall be and be deemed to be automatically adjusted such that the aggregate In-the-Money Amounts thereof does not exceed the In-the-Money Amount of the exchanged Chemesis Option determined immediately before the exchange, with the intention that subsection 7(1.4) of the Tax Act will apply to each exchange.

No other stock options have been granted by IMC since the date of its incorporation on August 30, 2018 and IMC does not have a share-based awards program.

Aggregate Options Exercised and Option Values

No stock options have been granted by IMC or exercised since the date of its incorporation on August 30, 2018.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

IMC will appoint an audit committee (the "IMC Audit Committee") following the completion of the Arrangement. Each member of the IMC Audit Committee to be appointed will have adequate education and experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with 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 IMC's financial statements.

It is intended that the IMC Audit Committee will establish a practice of approving audit and non-audit services provided by the external auditor. The IMC Audit Committee intends to delegate to its Chair the authority, to be exercised between regularly scheduled meetings of the IMC Audit Committee, to pre-approve audit and non-audit services provided by the independent auditor. All such preapprovals would be reported by the Chair at the meeting of the IMC Audit Committee next following the pre-approval.

The charter to be adopted by the IMC Audit Committee is expected to be substantially similar to that of Chemesis' Audit Committee charter, which is appended to the Circular as Schedule "A".

To date, IMC has paid no fees to its external auditor.

Corporate Governance

Board of Directors

Directors are considered to be “independent” if they have no direct or indirect material relationship with IMC. A “material relationship” is a relationship which could, in the view of the IMC Board, be reasonably expected to interfere with the exercise of a director’s independent judgment. The IMC Board will be composed of three directors, of which Dave McMillan and Mike Aujla will be considered to be independent. Brian Thurston will not be independent, as he is the President, CEO, and Corporate Secretary of IMC.

Directorships

Certain directors of IMC are directors of other reporting issuers, as disclosed in the Circular and in this Schedule under the heading “Directors and Officers”.

Orientation and Continuing Education

All directors will be expected to pursue educational opportunities as appropriate to enable them to perform their duties as directors. IMC will make appropriate funding to directors to attend seminars or conferences relevant to their position as directors of IMC. Included in the Corporate Governance and Nomination Committee mandate will be the requirement to develop, with the assistance of management, an orientation and education program for new recruits to the IMC Board, where necessary. IMC’s outside legal counsel will also provide directors and senior officers with summary updates of any developments relating to the duties and responsibilities of directors and officers and corporate governance matters.

Ethical Business Conduct

The IMC Board will adopt a written Code of Business Conduct and Ethics (the “**Code**”) for directors, officers, and employees of IMC. Directors, officers or employees of IMC who have concerns or questions about violations of laws, rules or regulations, or of the Code, once implemented, will be required to report them to the Corporate Secretary or to the chair of the IMC Audit Committee, once formed. Following receipt of any complaints, the Corporate Secretary or chair of the IMC Audit Committee, as the case may be, will investigate each matter so reported and report to the IMC Audit Committee. The IMC Board will be ultimately responsible, acting through the IMC Audit Committee, for the Code and monitoring compliance with the Code. In addition to the requirements of the Code, once implemented, directors are also required to comply with the relevant provisions of the BCBCA regarding conflicts of interests. Directors with an interest in a material transaction are required to declare their interest and abstain from voting on such transactions. A thorough discussion of the documentation related to a material transaction is required for review by the IMC Board, particularly independent directors.

Nomination of Directors

The IMC Board will establish a Corporate Governance and Nominating Committee, which will have the primary responsibility for identifying prospective IMC Board members. The Corporate Governance and Nominating Committee will coordinate the search for qualified candidates with input from management and other IMC Board members, giving careful consideration to the competencies and skills that the IMC Board as a whole should possess, and the skills and experience of existing IMC Board members. Other factors will be considered which may include the ability of the individual candidate to contribute on an overall basis, the ability of the individual to contribute sufficient time and resources to the IMC Board, as well as the individual’s direct experience with public companies in general and mining companies, in particular. The Corporate Governance and Nominating Committee will recommend a nominee and seek full IMC Board endorsement of the selected candidate.

Compensation

The Compensation Committee, to be formed following the completion of the Arrangement, will review and make recommendations to the IMC Board on the compensation packages for the CEO and other senior officers, as well as

evaluating annually the performance of the CEO. The Compensation Committee will meet at least annually to *discuss* compensation issues but will also meet from time to time as necessary.

Other Board Committees

Other than the IMC Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee, it is not anticipated that IMC will have any additional board committees immediately following the completion of the Arrangement. The IMC Board may, however, establish additional committees after the completion of the Arrangement, depending on the needs of IMC.

Assessments

Once established, the Corporate Governance and Nominating Committee will establish and administer a process for assessing the effectiveness of the IMC Board as a whole, the committees of the IMC Board, the chairman of the IMC Board, the committee chairs and individual directors. The Corporate Governance and Nominating Committee will report regularly to the IMC Board on all of its activities and findings.

RISK FACTORS

In addition to the other information contained in the Circular, the following factors should be considered carefully when considering risk related to IMC's proposed business.

Nature of the Securities and No Assurance of any Listing

IMC Common Shares are not currently listed on any stock exchange and there is no assurance that the IMC Common Shares will be listed. Even if a listing is obtained, the holding of IMC Common Shares will involve a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. IMC Common Shares should not be held by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in securities of IMC should not constitute a major portion of an investor's portfolio.

Possible Non-Completion of Arrangement

There is no assurance that the Arrangement will receive regulatory, court or shareholder approval or will complete. If the Arrangement does not complete, IMC will remain a private company. If the Arrangement is completed, IMC Shareholders (which will consist of Shareholders who receive IMC Common Shares) will be subject to the risk factors described below relating to resource properties.

Limited Operating History

IMC was incorporated on August 30, 2018 and has a limited operating history and no operating revenues.

Dependence on Management

IMC will be very dependent upon the personal efforts and commitment of its directors and officers. If one or more of IMC's proposed executive officers become unavailable for any reason, a severe disruption to the business and operations of IMC could result, and IMC may not be able to replace them readily, if at all. As IMC's business activity grows, IMC will require additional key financial, administrative and mining personnel as well as additional operations staff. There can be no assurance that IMC will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increase. If IMC is not successful in attracting, training and retaining qualified personnel, the efficiency of its operations could be impaired, which could have an adverse impact on IMC's future cash flows, earnings, results of operations and financial condition.

IMC's operations are subject to human error

Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage IMC's interests, and even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to IMC. These could include loss or forfeiture of mineral claims or other assets for non-payment of fees or taxes, significant tax liabilities in connection with any tax planning effort IMC might undertake and legal claims for errors or mistakes by IMC personnel.

Financing Risks

If the Arrangement completes, additional funding will be required to conduct future exploration programs on the Bullard Pass Property and to conduct other exploration programs. If IMC's proposed exploration programs are successful, additional funds will be required for the development of an economic mineral body and to place it in commercial production. The only sources of future funds presently available to IMC are the sale of equity capital, or the offering by IMC of an interest in its properties to be earned by another party or parties carrying out exploration or development thereof. There is no assurance that any such funds will be available for operations. Failure to obtain additional financing on a timely basis could cause IMC to reduce or terminate its proposed operations.

Conflicts of Interest

Certain directors and officers of IMC 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 IMC, including possibly Chemesis. Situations may arise in connection with potential acquisitions in investments where the other interests of these directors and officers may conflict with the interests of IMC. Directors and officers of IMC with conflicts of interest will be subject to the procedures set out in applicable corporate and securities legislation, regulation, rules and policies.

No History of Earnings

IMC has no history of earnings or of a return on investment, and there is no assurance that the Bullard Pass Property or any other property or business that IMC may acquire or undertake will generate earnings, operate profitably or provide a return on investment in the future. IMC has no plans to pay dividends for some time in the future. The future dividend policy of IMC will be determined by the IMC Board.

Exploration and Development

Resource exploration and development is a speculative business and involves a high degree of risk. There is no known body of commercial ore on the Bullard Pass Property. There is no certainty that the expenditures to be made by IMC in the exploration of the Bullard Pass Property or otherwise will result in discoveries of commercial quantities of minerals. The marketability of natural resources which may be acquired or discovered by IMC will be affected by numerous factors beyond the control of IMC. These factors include market fluctuations, the proximity and capacity of natural resource markets and processing equipment, government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in IMC not receiving an adequate return on invested capital.

Environmental Risks and Other Regulatory Requirements

The current or future operations of IMC, including future exploration and development activities and commencement of production on its property or properties, will require permits or licences from various federal and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Companies engaged in the development and operation of mines and related facilities generally experience increased costs and delays as a result of the need to comply with the applicable laws, regulations and permits. There can be no assurance that all permits which IMC may require for the conduct of its operations will be obtainable on reasonable terms or that such laws

and regulations would not have an adverse effect on any project which IMC might undertake.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions. Parties engaged in mining operations may be required to compensate those suffering loss or damage by reason of such activities and may have civil or criminal fines or penalties imposed upon them for violation of applicable laws or regulations.

Amendments to current laws, regulations and permits governing operations and activities of mining companies and mine reclamation and remediation activities, or more stringent implementation thereof, could have a material adverse impact on IMC and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in the development of new mining properties.

Dilution

Issuances of additional securities including, but not limited to, its common stock or some form of convertible debentures, will result in a substantial dilution of the equity interests of any persons who may become IMC Shareholders as a result of or subsequent to the Arrangement.

Market for securities

There is currently no market through which the IMC Common Shares may be sold and IMC Shareholders may not be able to resell the IMC Common Shares acquired under the Plan of Arrangement. There can be no assurance that an active trading market will develop for the IMC Common Shares following the completion of the Plan of Arrangement, or if developed, that such a market will be sustained at the trading price of the IMC Common Shares on the Exchange immediately after the Effective Date.

Nature of Mineral Exploration and Development

All of IMC's operations are at the exploration stage and there is no guarantee that any such activity will result in commercial production of mineral deposits. The exploration for mineral deposits involves significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish mineral reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the exploration programs planned by IMC or any future development programs will result in a profitable commercial mining operation. There is no assurance that the IMC's mineral exploration activities will result in any discoveries of commercial quantities of ore. There is also no assurance that, even if commercial quantities of ore are discovered, a mineral property will be brought into commercial production. Whether a mineral deposit will be commercially viable depends on a number of factors, some of which are: the particular attributes of the deposit, such as size, grade and proximity to infrastructure, metal prices which are highly cyclical; and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted. The long-term profitability of IMC will be in part directly related to the cost and success of its exploration programs and any subsequent development programs.

No Operating History

Exploration projects have no operating history upon which to base estimates of future cash flows. Substantial expenditures are required to develop mineral projects. It is possible that actual costs and future economic returns may differ materially from IMC's estimates. There can be no assurance that the underlying assumed levels of expenses for any project will prove to be accurate. Further, it is not unusual in the mining industry for new mining operations to experience unexpected problems during start-up, resulting in delays and requiring more capital than anticipated. There can be no assurance that IMC's projects will move beyond the exploration stage and be put into

production, achieve commercial production or that IMC will produce revenue, operate profitably or provide a return on investment in the future. Mineral exploration involves considerable financial and technical risk. There can be no assurance that the funds required for exploration and future development can be obtained on a timely basis. There can be no assurance that IMC will not suffer significant losses in the near future or that IMC will ever be profitable.

Commodity Prices

The price of the IMC Common Shares and IMC's financial results may be significantly adversely affected by a decline in the price of gold and other mineral commodities. Metal prices fluctuate widely and are affected by numerous factors beyond IMC's control. The level of interest rates, the rate of inflation, world supply of mineral commodities, global and regional consumption patterns, speculative trading activities, the value of the United States dollar and stability of exchange rates can all cause significant fluctuations in prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems, political systems and political and economic developments. The price of mineral commodities has fluctuated widely in recent years and future serious price declines could cause potential commercial production to be uneconomic. A severe decline in the price of minerals would have a material adverse effect on IMC.

Acquisition Strategy

As part of IMC's business strategy, it has sought and will continue to seek new exploration, development and mining opportunities in the resource industry. In pursuit of such opportunities, IMC may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into IMC. IMC cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit IMC.

Dividend Policy

No dividends on IMC Common Shares have been paid by IMC to date. IMC anticipates that it will retain all earnings and other cash resources for the foreseeable future for the operation and development of its business. IMC does not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the IMC Board after taking into account many factors, including IMC's operating results, financial condition and current and anticipated cash needs.

Permitting

IMC's mineral property interests are subject to receiving and maintaining permits from appropriate governmental authorities. There is no assurance that delays will not occur in connection with obtaining all necessary renewals of existing permits, additional permits for any possible future developments or changes to operations or additional permits associated with new legislation. Prior to any development of any of their properties, IMC must receive permits from appropriate governmental authorities. There can be no assurance that IMC will continue to hold all permits necessary to develop or continue its activities at any particular property. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing activities to cease or be curtailed, and may include corrective measures requiring capital expenditures or remedial actions. Amendments to current laws, regulations and permitting requirements, or more stringent application of existing laws, may have a material adverse impact on IMC, resulting in increased capital expenditures and other costs or abandonment or delays in development of properties.

Land Title

The acquisition of title to resource properties is a very detailed and time-consuming process. No assurances can be given that there are no title defects affecting the properties in which IMC has an interest. The properties may be subject to prior unregistered liens, agreements, transfers or claims, including native land claims, and title may be affected by, among other things, undetected defects. Other parties may dispute the title to a property or the property may be subject to prior unregistered agreements and transfers or land claims by Indigenous people. The title may

also be affected by undetected encumbrances or defects or governmental actions. IMC has not conducted surveys of properties in which it holds an interest and the precise area and location of claims or the properties may be challenged. IMC may not be able to register rights and interests it acquires against title to applicable mineral properties. An inability to register such rights and interests may limit or severely restrict IMC's ability to enforce such acquired rights and interests against third parties or may render certain agreements entered into by IMC invalid, unenforceable, uneconomic, unsatisfied or ambiguous, the effect of which may cause financial results yielded to differ materially from those anticipated. Although IMC believes it has taken reasonable measures to ensure proper title to the properties in which it has an interest, there is no guarantee that such title will not be challenged or impaired.

Influence of Third Party Stakeholders

The mineral properties in which IMC holds an interest, or the exploration equipment and road or other means of access which IMC intends to utilize in carrying out its work programs or general business mandates, may be subject to interests or claims by third party individuals, groups or companies. In the event that such third parties assert any claims, IMC's work programs may be delayed even if such claims are not meritorious. Such claims may result in significant financial loss and loss of opportunity for IMC.

Insurance

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, ground or slope failures, fires, environmental occurrences and natural phenomena such as prolonged periods of inclement weather conditions, floods and earthquakes. It is not always possible to obtain insurance against all such risks and IMC may decide not to insure against certain risks because of high premiums or other reasons. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage to IMC's properties or the properties of others, delays in exploration, development or mining operations, monetary losses and possible legal liability. IMC expects to maintain insurance within ranges of coverage which it believes to be consistent with industry practice for companies of a similar stage of development. IMC expects to carry liability insurance with respect to its mineral exploration operations, but is not expected to cover any form of political risk insurance or certain forms of environmental liability insurance, since insurance against political risks and environmental risks (including liability for pollution) or other hazards resulting from exploration and development activities is prohibitively expensive. Should such liabilities arise, they could reduce or eliminate future profitability and result in increasing costs and a decline in the value of the securities of IMC. If IMC is unable to fully fund the cost of remedying an environmental problem, it might be required to suspend operations or enter into costly interim compliance measures pending completion of a permanent remedy. The lack of, or insufficiency of, insurance coverage could adversely affect IMC's future cash flow and overall profitability.

Significant Competition for Attractive Mineral Properties

Significant and increasing competition exists for the limited number of mineral acquisition opportunities available. IMC expects to selectively seek strategic acquisitions in the future, however, there can be no assurance that suitable acquisition opportunities will be identified. As a result of this competition, some of which is with large established mining companies with substantial capabilities and greater financial and technical resources than IMC, IMC may be unable to acquire additional attractive mineral properties on terms it considers acceptable. In addition, IMC's ability to consummate and to integrate effectively any future acquisitions on terms that are favourable to IMC may be limited by the number of attractive acquisition targets, internal demands on resources, competition from other mining companies and, to the extent necessary, IMC's ability to obtain financing on satisfactory terms, if at all.

PROMOTER

No person or company is, or has been since IMC's date of incorporation, a promoter of the Company or a subsidiary of the Company.

LEGAL PROCEEDINGS

IMC is not a party to any material legal proceedings and IMC is not aware of any such proceedings known to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or greater than 10% shareholder of IMC and no associate or affiliate of the foregoing persons has or had any material interest, direct or indirect, in any transaction since incorporation or in any proposed transaction which in either such case has materially affected or will materially affect IMC save as described herein.

AUDITORS

The auditor of IMC is D&H Group LLP, Chartered Professional Accountants at 10th Floor, 1333 West Broadway, Vancouver, British Columbia, V6H 4C1.

REGISTRAR AND TRANSFER AGENT

The registrar and transfer agent for the IMC Common Shares will be Odyssey Trust Company at Suite 323 – 409 Granville Street, Vancouver, British Columbia V6C 1T2.

MATERIAL CONTRACTS

The only agreement or contract that IMC has entered into since its incorporation or will enter into as part of the Arrangement which may be reasonably regarded as being material is the Arrangement Agreement dated November 29, 2018 between IMC and Chemesis. See “Arrangement Agreement”.

A copy of the Arrangement Agreement may be inspected at any time up to the commencement of the Meeting during normal business hours at IMC’s offices located at Suite 2710, 200 Granville Street, Vancouver, British Columbia V6C 1S4 and under Chemesis’ profile on the SEDAR website at www.sedar.com.

INTEREST OF EXPERTS

D&H Group LLP, Chartered Professional Accountants, is the auditor of IMC and is independent of IMC within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.