

**BIONOVELUS, INC.**  
**CONSOLIDATED BALANCE SHEETS**  
**MARCH 31, 2018 AND DECEMBER 31, 2017**

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 6	\$ 261
Inventory	106,150	106,150
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<b>TOTAL CURRENT ASSETS</b>	106,156	106,411
<b>PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION</b>	1,151	1,298
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<b>TOTAL ASSETS</b>	<u>\$ 107,307</u>	<u>\$ 107,709</u>
<b>LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>		
<b>CURRENT LIABILITIES</b>		
Checks written in excess of available bank balance	\$ 249	\$ -
Accounts payable	40,250	11,818
Accrued officers' salaries	187,500	150,000
Accrued interest, related parties	22,303	20,848
Accrued interest, unrelated parties	90,089	90,089
Credit card payable	914	777
Loans payable to related parties	71,207	71,207
Notes payable to unrelated parties	204,845	204,845
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<b>TOTAL CURRENT LIABILITIES</b>	617,357	549,584
<b>LONG TERM LIABILITIES</b>		
Notes payable to related parties	296,698	296,698
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<b>STOCKHOLDERS' (DEFICIT)</b>		
Preferred stock, \$0.001 par value 15,000,000 shares authorized 10,000,000 shares issued and outstanding	10,000	10,000
Common stock, \$0.001 par value 500,000,000 shares authorized 112,765,854 shares issued and outstanding	112,766	112,139
Paid in capital	2,325,596	2,292,735
Accumulated (deficit)	(3,255,110)	(3,153,447)
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<b>TOTAL STOCKHOLDERS' (DEFICIT)</b>	(806,748)	(738,573)
<b>TOTAL LIABILITIES AND STOCKHOLDERS' (DEFICIT)</b>	<u>\$ 107,307</u>	<u>\$ 107,709</u>

These financial statements have not been subjected to an audit or review or compilation engagement and no assurance is provided on them.

**BIONOVELUS, INC.**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE THREE MONTHS ENDED MARCH 31 2018 AND 2017**

	2018	2017
<b>SALES</b>	\$ -	\$ -
<b>COST OF GOODS SOLD</b>	-	-
<b>GROSS PROFIT</b>	-	-
<b>OPERATING EXPENSES</b>		
Consulting	3,498	14,040
Professional fees	39,791	46,065
Officers' salary	37,500	37,500
Travel expenses	1,165	16,371
Other	18,151	38,217
<b>TOTAL OPERATING EXPENSES</b>	100,105	152,193
<b>(LOSS) BEFORE OTHER EXPENSES</b>	(100,105)	(152,193)
<b>OTHER EXPENSES</b>		
Interest expense	1,558	7,881
<b>TOTAL OTHER EXPENSES</b>	1,558	7,881
<b>NET (LOSS)</b>	\$ (101,663)	\$ (160,074)

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**BIONOVELUS, INC.**  
**CONSOLIDATED STATEMENT OF STOCKHOLDERS' (DEFICIT)**  
**FOR THE PERIODS ENDED MARCH 31, 2018 AND DECEMBER 31, 2017**

	<b>Preferred Stock</b>		<b>Common Stock</b>		<b>Additional Paid in Capital</b>	<b>Accumulated (Deficit)</b>	<b>Total</b>
	<b># of Shares Issued</b>	<b>Amount</b>	<b># of Shares Issued</b>	<b>Amount</b>			
Balance, December 31, 2016	10,000,000	\$ 10,000	91,837,699	\$ 91,838	\$ 1,423,801	\$ (1,474,022)	\$ 51,617
Common stock issued for services	-	-	16,671,122	16,671	656,675	-	673,346
Common stock issued for cash	-	-	3,630,283	3,630	212,259	-	215,889
Net (loss) for the year ended December 31, 2017	-	-	-	-	-	(1,679,425)	(1,679,425)
Balance, December 31, 2017	10,000,000	10,000	112,139,104	112,139	2,292,735	(3,153,447)	(738,573)
Common stock issued for services	-	-	599,800	600	29,390	-	29,990
Common stock issued for cash	-	-	26,950	27	3,471	-	3,498
Net (loss) for the three months ended March 31, 2018	-	-	-	-	-	(101,663)	(101,663)
Balance, March 31, 2018	10,000,000	\$ 10,000	112,765,854	\$ 112,766	\$ 2,325,596	\$ (3,255,110)	\$ (806,748)

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**BIONOVELUS, INC.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net (loss)	\$ (101,663)	\$ (160,074)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:		
Amortization expense	-	11,677
Depreciation expense	147	147
Common stock issued for services	29,990	29,448
Changes in operating assets and liabilities:		
Other receivable	-	1,020
Accounts payable	28,432	2,133
Accrued officers' salaries	37,500	37,500
Accrued interest	1,455	7,865
Credit card payable	137	(362)
Deposit on distribution rights	-	(5,000)
<b>Net cash (used) by operating activities</b>	<b>(4,002)</b>	<b>(75,646)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-</b>	<b>-</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Checks written in excess of available bank balance	249	-
Repayment of loans to related parties	-	(28,000)
Common stock issued for cash	3,498	139,998
<b>Net cash provided by financing activities</b>	<b>3,747</b>	<b>111,998</b>
<b>NET INCREASE (DECREASE) IN CASH</b>	<b>(255)</b>	<b>36,352</b>
<b>CASH, BEGINNING OF THE PERIOD</b>	<b>261</b>	<b>17,234</b>
<b>CASH, END OF THE PERIOD</b>	<b>\$ 6</b>	<b>\$ 53,586</b>
 <b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>		
Cash paid during the year for:		
Interest	\$ -	\$ -
Taxes	\$ -	\$ -
 <b>NON-CASH FINANCING ACTIVITIES</b>		
Common stock issued for services	\$ 29,990	\$ 29,448

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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

**NOTE 1 -SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization

BioNovelus Inc. (BioNovelus) is an Arizona based biotech company that aims to develop a portfolio of green solutions for various applications. The solutions address major global challenges for food and water safety and supply. The Company is replacing harmful chemicals with their eco-friendly, cost effective green technologies in respect to our planet.

BioNovelus was founded in September 2010 to answer critical environmental problems by replacing harmful chemicals with eco-friendly and profitable technology to aid our planet.

BioNovelus CR. Sociedad Anonima (BioNovelus Costa Rica) was formed as a 100% wholly owned subsidiary. The Company began operations in July 27, 2016 in Costa Rica as a separate company to manufacture, market and sell various biotech products for the Central American markets.

BioNovelus Guatemala, Sociedad Anonima (BioNovelus Guatemala) was formed as a 100% wholly owned subsidiary. The Company was formed on December 8, 2016 as a separate company to manufacture, market and sell various biotech products for the Central American markets.

Basis of Presentation

The financial statements are presented on the accrual basis of accounting.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of BioNovelus, Inc. and its wholly-owned subsidiaries BioNovelus Costa Rica and BioNovelus Guatemala. Both entities have common year ends of December 31, 2017. All activity from foreign operations is converted to US dollars.

All inter-company accounts and transactions have been eliminated.

Foreign Currency Translation

The financial statements of BioNovelus Costa Rica uses the Colon as the functional currency. Assets, liabilities, and equity accounts are translated at exchange rates as of the balance sheet date. Revenues and expenses are translated at average rates of exchange in effect during the year. The resulting cumulative translation adjustments will be recorded as a separate component of stockholders' equity. The financial statements are presented in United States of America dollars. There was no adjustment as the amounts were not material as of March 31, 2018 or December 31, 2017.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the companies consider unrestricted currency, demand deposits, money market accounts, and all highly liquid debt instruments purchased with original maturities of ninety days or less to be cash equivalents.

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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Revenue Recognition

Sales are recorded as income when the products are received and accepted by the customers.

Inventory

Inventory is stated at the lower of cost (determined by the first-in, first-out method) or net realizable value. Inventories are adjusted for obsolescence and are written down to net realizable value based upon estimates of future demand, technology developments, and market conditions. At March 31, 2018, the inventory was in a bonded warehouse in Guatemala.

Property and Equipment

Property and equipment are stated at cost. Major renewals and improvements are charged to the asset accounts while replacements, maintenance and repairs, which do not improve or extend the lives of respective assets, are expensed. At the time property and equipment are retired or otherwise disposed of, the assets and related depreciation accounts are relieved of the applicable amounts. Gains or losses from retirements or sales are credited or charged to income.

The Company depreciates its property and equipment for financial reporting purposes using the straight-line method based upon the following useful lives of the assets:

Furniture	5 Years
Equipment	3 Years

Common Stock Issued for Non-Cash Transactions

It is the Company's policy to value stock issued for non-cash transactions, such as services, at the fair market value of the goods or services received, or the consideration granted, whichever is more readily determinable, at the date the transaction is negotiated.

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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

**NOTE 2 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS**

The company estimates that the fair value of financial instruments at March 31, 2018 and December 31, 2017, as defined in ASC 825, "Disclosures About Fair Value of Financial Instruments," does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying consolidated balance sheet. The estimated fair value amounts have been determined by using available market information and appropriate valuation methodologies. Considerable judgment is required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amount that could be realized in a current market exchange.

**NOTE 3 - PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at March 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Furniture and Equipment	\$ 864	\$ 864
Equipment	<u>1,249</u>	<u>1,249</u>
	2,113	2,113
Accumulated Depreciation	<u>(962)</u>	<u>(815)</u>
Total	<u>\$ 1,151</u>	<u>\$ 1,298</u>

Depreciation expense for the three months ended March 31, 2018 and 2017 was \$147, respectively.

**NOTE 4 - LOANS PAYABLE TO RELATED PARTIES**

The Company has loans payable to officers and other related parties of \$71,207 at March 31, 2018 and December 31, 2017, respectively. These loans are unsecured, do not accrue interest and are due on demand.

**NOTE 5 - NOTES PAYABLE TO RELATED PARTIES**

BioNovelus has outstanding notes payable to officers and other related parties. These notes are unsecured, accrue interest at 3% annually, and are due between December 31, 2019 and October 31, 2020. The balance was \$296,698 at March 31, 2018 and December 31, 2017, respectively.

Accrued interest on the notes payable to the related parties was \$22,303 and \$20,848 as of March 31, 2018 and December 31, 2017, respectively.

**NOTE 6 - NOTES PAYABLE TO UNRELATED PARTIES**

BioNovelus has convertible notes payable with unrelated parties in the amount of \$204,845 at March 31, 2018 and December 31, 2017. The notes are unsecured and accrue interest ranging from 3% - 18% per annum and are due on demand. The notes are convertible into common stock at a value between \$0.001 (par value) and a ceiling of \$0.20 per share based on the market rate on the date of the conversion.

Accrued interest on the notes payable to the unrelated parties was \$90,089 at March 31, 2018 and December 31, 2017, respectively.

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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

**NOTE 7 - PREFERRED STOCK**

The Company has preferred stock with the following rights and preferences:

Class "B" preferred stock is non-voting and non-participating, with a monthly non-cumulative dividend of 1%, and is redeemable at the paid in capital amount.

Class "C" preferred stock is non-voting and non-participating, with a monthly non-cumulative dividend of 8%, and is redeemable at the paid in capital amount.

Class "D" preferred stock is non-voting and non-participating, with a monthly non-cumulative dividend of 8%, and is redeemable at the paid in capital amount.

**NOTE 8 - INCOME TAXES**

The Company has the following net operating losses by location as of March 31, 2018 and 2017:

United States of America	\$ 99,502	\$ 157,754
Costa Rica	<u>2,161</u>	<u>2,320</u>
Total	<u>\$ 101,663</u>	<u>\$ 160,074</u>

Income Tax Provision

The provision for income taxes for the periods ended March 31, 2018 and December 31, 2017 consist of the following:

Current	<u>2018</u>	<u>2017</u>
United States of America	\$ 0	\$ 0
Costa Rica	0	0
Deferred		
United States of America	0	0
Costa Rica	<u>0</u>	<u>0</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

Deferred Tax Components

Significant components of the Company's deferred tax assets are as follows at March 31, 2018 and December 31, 2017:

	<u>2018</u>	<u>2017</u>
Net operating loss carryforwards	\$ 880,243	\$ 859,348
Less valuation allowance	<u>( 880,243)</u>	<u>(859,348)</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

Summary of valuation allowance:

	<u>2018</u>	<u>2017</u>
Balance, beginning of period	\$ 859,348	\$ 292,273
Increase for the period	<u>20,895</u>	<u>567,075</u>
Balance, end of period	<u>\$ 880,243</u>	<u>\$ 859,348</u>

In assessing the realizability of deferred assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in making this assessment

Net Operating Loss Carryforwards

United States Corporation Income Taxes

<u>Year of Loss</u>	<u>Amount</u>	<u>Expiration Date</u>
December 31, 2013	\$ 2,693	December 31, 2033
December 31, 2014	27,857	December 31, 2034
December 31, 2015	122,658	December 31, 2035
December 31, 2016	706,417	December 31, 2036
December 31, 2017	1,667,870	December 31, 2037
March 31, 2018	<u>99,502</u>	March 31, 2018
Total	<u>\$2,626,997</u>	

Costa Rica has a net operating loss of \$2,161 and \$2,320 for the three months ended March 31, 2018 and 2017, respectively.

**NOTE 9 - REAL ESTATE LEASES**

The Company entered into a lease agreement for office space in Phoenix, Arizona on June 1, 2016 and expiring on May 31, 2018. The minimum monthly lease payments range from \$510 to \$551. Total rent expense for the three months ended March 31, 2018 and 2017 was \$2,199 and \$1,545, respectively. Future minimum lease payments are as follows for the year ending:

December 31, 2018	<u>\$ 1,102</u>
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**BIONOVELUS, INC.**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017**

**NOTE 10 - INTEREST EXPENSE**

The Company's interest expense consists of the following for the three months ended March 31:

	<u>2018</u>	<u>2017</u>
Related	\$ 1,558	\$ 2,133
Unrelated	<u>0</u>	<u>5,748</u>
Total	<u>\$ 1,558</u>	<u>\$ 7,881</u>

**NOTE 11 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through May 9, 2018, the date which the financial statements were available for issue. There were no subsequent events related to these financial statements.