

BIONOVELUS, INC.
CONSOLIDATED BALANCE SHEETS
JUNE 30, 2017 AND DECEMBER 31, 2016

	<u>2017</u>	<u>2016</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 21,026	\$ 17,234
Inventory	107,250	107,250
Other receivable	-	1,620
	128,276	126,104
TOTAL CURRENT ASSETS		
PROPERTY AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	1,593	1,888
OTHER ASSETS		
Intellectual property, net of accumulated amortization	595,527	618,881
	725,396	746,873
TOTAL ASSETS	725,396	746,873
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)		
CURRENT LIABILITIES		
Accounts payable	7,266	13,991
Accrued officers' salaries	75,000	-
Accrued interest, related parties	17,920	14,979
Accrued interest, unrelated parties	74,904	60,070
Credit card payable	157	422
Loans payable to related parties	70,847	72,797
Deposit for distribution rights	-	5,000
Notes payable to unrelated parties	304,845	304,845
	550,939	472,104
TOTAL CURRENT LIABILITIES	550,939	472,104
LONG TERM LIABILITIES		
Notes payable to related parties	192,198	223,152
	192,198	223,152
STOCKHOLDERS' EQUITY (DEFICIT)		
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 100,787,789 shares issued and outstanding	100,788	91,838
Paid in capital	1,638,764	1,423,801
Accumulated (deficit)	(1,767,293)	(1,474,022)
	(17,741)	51,617
TOTAL STOCKHOLDERS' EQUITY (DEFICIT)	(17,741)	51,617
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)	\$ 725,396	\$ 746,873

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

BIONOVELUS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

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. There were no operations as of June 30, 2017.

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 subsidiary BioNovelus Costa Rica. Both entities have common year ends of December 31, 2016. 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 currently. 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 are recorded as a separate component of stockholders' equity. The financial statements are presented in United States of America dollars. There was no adjustment as of June 30, 2017 or 2016.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. 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 shipped to 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.

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 THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

NOTE 2 - DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The company estimates that the fair value of financial instruments at June 30, 2017 and June 30, 2016, 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

As of June 30, 2017 and December 31, 2016 property and equipment consisted of the following:

	<u>2017</u>	<u>2016</u>
Furniture and Equipment	\$ 864	\$ 864
Equipment	<u>1,249</u>	<u>1,249</u>
	2,113	2,113
Accumulated Depreciation	<u>(520)</u>	<u>(225)</u>
Total	<u>\$ 1,593</u>	<u>\$ 1,888</u>

Depreciation expense for the six months ended June 30, 2017 and 2016 was \$295 and \$0, respectively.

NOTE 4 - INTELLECTUAL PROPERTY

The Company entered into a reverse acquisition/merger in May 2015 with First in Wireless Technology, Inc. The Company issued 70,062,000 shares of common stock valued at \$700,620 for the intellectual property rights acquired.

Intellectual property consisted of the following at June 30, 2017 and December 31, 2016:

	<u>2017</u>	<u>2016</u>
Cost	\$ 700,620	\$ 700,620
Accumulated Amortization	<u>(105,093)</u>	<u>(81,739)</u>
Total	<u>\$ 595,527</u>	<u>\$ 618,881</u>

Amortization expense for the six months ended June 30, 2017 and 2016 was \$23,354.

BIONOVELUS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

NOTE 5 - LOANS PAYABLE TO RELATED PARTIES

The Company has loans payable to officers and other related parties of \$70,847 and \$72,797 at June 30, 2017 and December 31, 2016, respectively. These loans are unsecured, do not accrue interest and are due on demand.

NOTE 6 - DEPOSIT FOR DISTRIBUTION RIGHTS

In December 2016, the Company received a \$5,000 deposit to be held while negotiating a distribution agreement. In February of 2017, the discussions to finalize the distribution agreement halted and the \$5,000 deposit was returned to the distributor.

NOTE 7 - 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 on December 31, 2019. The balances at June 30, 2017 and December 31, 2016 were \$192,198 and \$223,152 respectively.

Accrued interest on the notes payable to the related parties was \$17,920 and \$14,979 as of June 30, 2017 and December 31, 2016, respectively.

NOTE 8 - NOTES PAYABLE TO UNRELATED PARTIES

BioNovelus has convertible notes payable with unrelated parties in the amount of \$304,845 at June 30, 2017 and December 31, 2016. 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 at June 30, 2017 and December 31, 2016 was \$74,904 and \$60,070, respectively.

BIONOVELUS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

NOTE 9 - 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 10 - INCOME TAXES

The Company has the following losses by location as of June 30, 2017 and 2016:

(Loss)	<u>2017</u>	<u>2016</u>
United States of America	\$(287,568)	\$ (25,395)
Costa Rica	<u>(5,703)</u>	<u>0</u>
Total	<u>\$(293,271)</u>	<u>\$ (25,395)</u>

Income Tax Provision

The provision for income taxes for the years ended June 30, 2017 and December 31, 2016 consist of the following:

Current	<u>2017</u>	<u>2016</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>

Deferred Tax Components

Significant components of the Company's deferred tax assets are as follows at June 30, 2017 and December 31, 2016:

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BIONOVELUS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
Net operating loss carryforwards	\$ 390,046	\$ 292,273
Less valuation allowance	<u>(390,046)</u>	<u>(292,273)</u>
Total	<u>\$ 0</u>	<u>\$ 0</u>

Summary of valuation allowance:

	<u>2017</u>	<u>2016</u>
Balance, beginning of period	\$ 292,273	\$ 52,091
Increase for the period	<u>97,773</u>	<u>240,182</u>
Balance, end of period	<u>\$ 390,046</u>	<u>\$ 292,273</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
June 30, 2017	<u>287,568</u>	June 30, 2037
Total	<u>\$1,147,193</u>	

Costa Rica has a net operating loss of \$5,703 and \$0 for the six months ended June 30, 2017 and 2016, respectively.

NOTE 11 - 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 \$51 to \$548. Total rent expense for the six months ended June 30, 2017 and 2016 was \$2,610 and \$0, respectively. Future minimum lease payments are as follows for the year ending December 31:

	<u>2017</u>
2017	\$ 3,234
2018	<u>2,740</u>
Total	<u>\$ 5,974</u>

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BIONOVELUS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

NOTE 12 - INTEREST EXPENSE

The Company's interest expense consists of the following for the six months ended June 30:

	<u>2017</u>	<u>2016</u>
Related	\$ 3,505	\$ 3,657
Unrelated	<u>14,318</u>	<u>15,029</u>
Total	<u>\$17,823</u>	<u>\$18,686</u>

NOTE 13 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 8, 2017, the date which the financial statements were available for issue. There were no subsequent events related to these financial statements.

BIONOVELUS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

	For the Six Months Ended June 30, 2017	For the Six Months Ended June 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)	\$ (293,271)	\$ (177,362)
Adjustments to reconcile net (loss) to net cash (used) by operating activities:		
Amortization expense	23,354	23,354
Depreciation expense	295	-
Common stock issued for services	33,346	110,000
Changes in operating assets and liabilities:		
Other receivable	1,620	-
Accounts payable	(6,725)	-
Accrued officers' salaries	75,000	-
Accrued interest	17,775	-
Credit card payable	(265)	-
Deposit on distribution rights	(5,000)	-
Net cash (used) by operating activities	(153,871)	(44,008)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(864)
Net cash (used) by investing activities	-	(864)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of loans to related parties	(1,950)	-
Proceeds from notes payable to related parties	-	6,480
Payments on notes payable to related parties	(30,954)	(1,000)
Common stock sold for cash	190,567	161,000
Net cash provided by financing activities	157,663	166,480
NET INCREASE IN CASH	3,792	121,608
CASH, BEGINNING OF THE YEAR	17,234	134
CASH, END OF THE YEAR	\$ 21,026	\$ 121,742

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BIONOVELUS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND 2016

**SUPPLEMENTAL DISCLOSURES OF CASH FLOW
INFORMATION:**

Cash paid during the year for:

Interest	\$ -	\$ -
Taxes	\$ -	\$ -

NON-CASH FINANCING ACTIVITIES

Common stock issued for services	\$ 33,346	\$ 110,000
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BIONOVELUS, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30 2017 AND 2016

	<u>For The Three Months Ended June 30, 2017</u>	<u>For The Three Months Ended June 30, 2016</u>	<u>For The Six Months Ended June 30, 2017</u>	<u>For The Six Months Ended June 30, 2016</u>
SALES	\$ -	\$ -	\$ -	\$ -
COST OF GOODS SOLD	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
GROSS PROFIT	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OPERATING EXPENSES				
Salaries, officers	37,500	-	75,000	-
Consulting	17,066	112,488	31,106	112,488
Depreciation and amortization	11,972	11,677	23,649	23,354
Travel expense	32,792	1,480	51,267	3,467
Professional fees	14,073	-	55,178	-
Computer and internet expenses	179	180	438	192
SCC and OTC filing	3,975	6,915	6,551	7,215
Licenses and permits	-	475	3,000	475
Accounting	5,698	2,789	10,658	2,789
Other general and administrative	-	6,609	18,601	8,696
TOTAL OPERATING EXPENSES	<u>123,255</u>	<u>142,613</u>	<u>275,448</u>	<u>158,676</u>
(LOSS) BEFORE OTHER EXPENSE	(123,255)	(142,613)	(275,448)	(158,676)
OTHER (EXPENSE)				
Interest expense	<u>(9,942)</u>	<u>(9,354)</u>	<u>(17,823)</u>	<u>(18,686)</u>
NET (LOSS)	<u>\$ (133,197)</u>	<u>\$ (151,967)</u>	<u>\$ (293,271)</u>	<u>\$ (177,362)</u>

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BIONOVELUS, INC.
CONSOLIDATED STATEMENT OF ACCUMULATED DEFICIT
FOR THE SIX MONTHS ENDED JUNE 30, 2017 AND THE YEAR ENDED DECEMBER 31, 2016

	Preferred Stock		Common Stock		Additional Paid in Capital	Accumulated Deficit	Total
	# of Shares Issued	Amount	# of Shares Issued	Amount			
Balance, December 31, 2015	10,000,000	\$ 10,000	83,267,969	\$ 83,268	\$ 666,381	\$ (761,343)	\$ (1,694)
Common stock issued for services	-	-	2,915,000	2,915	452,494	-	455,409
Common stock issued for notes payable	-	-	150,000	150	3,600	-	3,750
Common stock sold for cash	-	-	5,504,730	5,505	301,326	-	306,831
Net (loss) for the year ended December 31, 2016	-	-	-	-	-	(712,679)	(712,679)
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	-	-	6,125,824	6,126	27,220	-	33,346
Common stock sold for cash	-	-	2,824,266	2,824	187,743	-	190,567
Net (loss) for the six months ended June 30, 2017	-	-	-	-	-	(293,271)	(293,271)
Balance, June 30, 2017	10,000,000	\$ 10,000	100,787,789	\$ 100,788	\$ 1,638,764	\$ (1,767,293)	\$ (17,741)

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