

Management's Discussion and Analysis of Operations For the Year Ended September 30, 2013 and 2012

This Management's Discussion and Analysis ("MD&A") is prepared as of January 28, 2014 and should be read in conjunction with the audited annual financial statements of Monarch Energy Limited ("Monarch" or "Company") for the year ended September 30, 2013, and which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Additional information, including the Annual Information Form can be found on SEDAR, www.sedar.com. All amounts are in Canadian dollars.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee meets with management quarterly to review the financial statements including the MD&A and to discuss other financial, operating and internal control matters.

Caution Regarding Forward Looking Statements

Except for statements of historical fact relating to the Company, certain information contained in this MD&A constitutes "forward-looking information" under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's properties; requirements for additional capital; and other statements relating to the financial and business prospects of the Company.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", "believes", or variations of such words and phrases. Forward-looking information may also be identified in statements where certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved".

Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made.

Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- *The Company's goal of creating shareholder value by concentrating on potential business acquisitions with strong growth potential;*
- *Management's economic outlook regarding future trends;*
- *The Company's ability to meet its working capital needs at the current level in the short term;*
- *Expectations with respect to raising capital;*
- *Sensitivity analysis on financial instruments may vary from amounts disclosed; and*
- *Governmental regulation and environmental liability.*

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, other factors could also cause materially different results. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

General

Monarch Energy Limited is a Canadian publicly listed public company whose shares trade on the TMX Venture Exchange under the symbol "MNL".

The current market conditions and volatility increase the uncertainty of the Company's ability to continue as a going concern given the need to both curtail expenditures and to raise additional funds. The Company is experiencing, and has experienced, negative operating cash flows. The Company will continue to search for new or alternate sources of financing but anticipates that the current market conditions may impact the ability to source such funds.

There can be no assurance that the Company will be able to continue to raise funds in which case the Company may be unable to meet its obligations. Should the Company be unable to realize on its assets and discharge its liabilities in the normal course of business, the net realizable value of its assets may be materially less than the amounts recorded on the balance sheets.

Selected annual Information

The following table sets forth selected financial information for Monarch for the last three completed financial years ended September 30. This information has been derived from the Company's audited financial statements for each of those years, and should be read in conjunction with those financial statements and the notes thereto.

	Year Ended September 30,		
	2013	2012	2011
Petroleum revenues, net of royalties	-	\$ 155,226	\$ 111,952
Petroleum and natural gas related expenses	\$ 10,228	\$ 123,351	\$ 268,837
Office, general and administrative	\$ 14,592	\$ 43,152	\$ 338,882
Stock-based compensation	-	-	\$ 365,000
Write-off of petroleum and natural gas related expenses	-	\$ 370,282	-
Gain on sale of asset	\$ 3,114	\$ 550,000	-
Gain on sale of subsidiaries	-	-	\$ 1,349,493
Income (loss) for the year	\$(174,229)	\$ 108,078	\$ (2,668,714)
Loss per share	\$ (0.00)	\$ 0.00	\$ 0.04
Total assets	\$ 81,387	\$ 106,002	\$ 429,061
Total Liabilities	\$ 201,694	\$ 52,080	\$ 483,217
Working capital (deficiency)	\$(162,951)	\$ 24,508	\$ (388,521)

Per share amounts are calculated using the weighted average number of shares outstanding. Fully diluted loss per share amounts have not been calculated, as they would be anti-dilutive.

Revenue and Expenses

For the year ended September 30, 2013

The net loss for the year ended September 30, 2013 was \$(174,229) (\$0.00/share) compared to net gain for the year ending September 30, 2012 of \$108,078 (\$0.00/share).

Petroleum and natural gas revenues were \$- for the year ended September 30, 2013 from \$190,117 revenue for the year ended September 30, 2012. The revenue was generated from its Alberta interests. During the previous year, the Company sold, to an arms length purchaser, the Virginia Hills property asset in Alberta for the sum of \$550,000. This asset was depleted to \$nil in a previous year. As a result the entire proceeds of \$550,000 has been recorded as a gain on sale of the asset.

Loss from operations decreased to \$(174,229) for the year ended September 30, 2013 from a gain of \$108,078 for the year ended ended September 30, 2012.

Office, general, and administrative decreased \$28,560 to \$14,592 for the year ended September 30, 2012. The decrease was attributed to travel costs and less activity.

Management fees commenced October 2011 for the President at the rate of \$3,500 per month to total \$42,000 for the year ended September 30, 2012 and 2013.

Consulting fees in the year ending September 30, 2013 decreased by \$17,863 to \$69,000 for the year ending September 30, 2013 due to inactivity around the Quebec properties.

Professional fees decreased for the year ended September 30, 2013 by \$22,146 to \$26,297 primarily as a result of inactivity and the lower need for professional fees.

Exploration and Property Update

The Company has a gas well that is suspended, appropriate Asset Retirement Obligations were accrued to reflect the reclamation of the well.

Summary of Quarterly Results

The following table is a summary of selected unaudited financial information for the eight most recent fiscal quarters.

Quarter ended	Petroleum and natural gas revenue, net of royalties	Net income (loss)	Net income (loss) per share
September 30, 2013*	\$ Nil	\$(41,537)	\$ (0.00)
June 30, 2013*	\$ Nil	\$ (40,016)	\$ (0.00)
March 31, 2013*	\$ Nil	\$ (57,969)	\$ (0.00)
December 31, 2012*	\$ 3,348	\$ (34,707)	\$ (0.00)
September 30, 2012*	\$ 115,669	\$ 275,476	\$ (0.00)
June 30, 2012*	\$ 10,355	\$ (57,927)	\$ (0.00)
March 31, 2012*	\$ 7,916	\$ (77,491)	\$ (0.00)
December 31, 2011*	\$ 19,300	\$ (31,980)	\$ (0.00)
*IFRS reporting			Fully diluted loss per share amounts are not shown as they would be anti-dilutive.

There can be significant variances in the Company's reported loss from quarter to quarter arising from factors that are difficult to anticipate in advance or to predict from past results. One of these factors includes the volatility of petroleum and natural gas prices which have fluctuated widely during recent years

Liquidity

Although the Company has some petroleum revenue in the previous year, the majority of financing of operations is achieved by issuing share capital and from the proceeds of property divestitures. Monarch ended the year-end of September 30, 2013 with a bank position of \$9,574 (September 30, 2012 - \$27,601), accounts receivable of \$315 (September 30, 2012 - \$20,240) and due from related party of \$nil (September 30, 2012 - \$28,747). The Company has accounts payable relating to administrative activities in the amount of \$50,722 (September 30, 2012 - \$35,236). GST/HST payable of \$2,154 (September 30, 2012 - \$2,169) and due to related parties in the amount of \$119,964 (September 30, 2012 - \$14,675). The Company also has an asset retirement obligation of \$28,854 (September 30, 2012 - \$Nil). Monarch had a negative working capital of \$162,951 at September 30, 2013 (September 30, 2012 – positive working capital of \$24,508).

Capital Resources

The Company's primary capital assets at September 30, 2013 are its exploration and evaluation assets of \$Nil (September 30, 2012 - \$Nil), reclamation bonds of \$41,894 (September 30, 2012 - \$28,402) and property and equipment of \$750 (September 30, 2011 - \$1,012).

Financing Activities

The Company was not involved in any financing activities during the year ended September 30, 2013.

Investing Activities

The Company was not involved in any financing activities during the year ended September 30, 2013.

Off-Balance Sheet Arrangements

At the date of this report, the Company had no material off-balance sheet arrangements.

Transactions with Related Parties

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities:

Key management personnel:

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 consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Remuneration attributed to key management personnel can be summarized as follows:

	September 30, 2013	September 30, 2012
Short-term benefits*	\$ 111,000	\$ 124,000

*includes base salaries pursuant to contractual employment, or consultancy arrangements. These have been recorded in consulting fees and management fees.

There were no transactions with other related parties during the year ended September 30, 2013.

As at September 30, 2013, amounts due to related parties consist of \$119,964 (September 31, 2012 - \$14,675) to companies controlled by officers and directors of the Company.

Events After Year End

On December 20, 2013, the Company has entered into a share exchange agreement with ChroMedX Ltd.. ("ChroMedX") and ChroMedX Inc. pursuant to which the Company has agreed to acquire from the ChroMedX shareholders all of the issued and outstanding shares of ChroMedX in exchange for an equal number of common shares in the capital of the Company. It is expected, and as a condition of completion of the acquisition, that ChroMedX will be the registered holder of certain patents and patents pending in the biomedical technology field currently held by ChroMedX Inc..

ChroMedX is a private company incorporated pursuant to the laws of Ontario. Concurrent with or prior to completion of the acquisition, the Company will consolidate its common shares on a 10:1 basis as previously approved by the Company shareholders at the annual general and special meeting held on July 18, 2013, such that following completion of the acquisition the Company will have issued a maximum of up to 28.5 million common shares in the capital of the Company to ChroMedX shareholders for all of the issued and outstanding common shares of ChroMedX. This will result in former ChroMedX shareholders holding approximately 73.37% of the issued and outstanding common shares of the Company and, accordingly, ChroMedX becoming a wholly owned subsidiary of the Company following completion of the acquisition.

In connection with and as a condition of completion of the acquisition, the Company will seek to obtain a listing of its common shares on the Canadian National Stock Exchange ("CNSX") and concurrently apply for a delisting of its common shares from the facilities of the TSX Venture Exchange ("TSX-V"). It is expected that the Company will delist from the TSX-V concurrent with the listing on the CNSX so that there is no gap in a trading market for the common shares. The Company has requested the TSX-V to halt the trading of its common shares in anticipation of the Company obtaining approval from the CNSX with respect to the listing on the CNSX.

In order to satisfy certain conditions of the acquisition, among other things, ChroMedX will be required to complete a private placement financing totaling a minimum of \$600,000 and a maximum of \$1.2 million through the issuance of 12 million units of ChroMedX at a price of \$0.10 per unit. Each unit will consist of the following: one ChroMedX common share; one-half common share purchase warrant, each whole warrant entitling the holder to acquire one

ChroMedX common share at an exercise price of \$0.15 for a period of 12 months following issuance of the warrant; and one-half common share purchase warrant, each whole warrant entitling the holder to acquire one ChroMedX common share at an exercise price of \$0.25 for a period of 18 months following issuance of the warrant. The ChroMedX common shares, and any common shares to be issued on exercise of the warrants, will be subject to a four month hold period commencing from the date of issuance. The completion of the acquisition is conditional upon, among other things, the receipt of all necessary TSX-V, CNSX and shareholder approvals, the private placement being completed, and satisfaction of customary due diligence investigations of the Company and ChroMedX. In addition, it is anticipated that all outstanding stock options of the Company will be cancelled prior to completion of the acquisition.

Critical Accounting Policies and Estimates

Going concern

These unaudited interim financial statements have been prepared in accordance with IFRS 1 and IAS 34 on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The Company has incurred losses from inception and the inability to raise additional financing may impact the future assessment of the Company as a going concern. The Company's ability to continue as a going concern is dependent upon its ability to attain future profitable operations and to obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. While the company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available in the future. These financial statements do not include any adjustments to the amounts and classification of asset's and liabilities that might be necessary should the Company not be able to continue as a going concern.

Significant accounting judgments and estimates

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the determination of carrying value of resource properties, warrants, stock-based compensation, and deferred tax assets and liabilities. Financial results as determined by actual events could differ from those estimates.

Asset Retirement Obligations

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset category.

Asset retirement obligations are measured at the present value of management's best estimate of the expenditures required to settle the present obligation at the balance sheet date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligations are charged against the provision to the extent the provision was established.

Impairment

At each financial position reporting date the carrying amounts of the Company's long-lived assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use, which is the present value of future cash flows expected to be derived from the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

For the purposes of impairment testing, exploration and evaluation assets are allocated to cash generating units to which the exploration activity relates. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Equipment

Recognition and Measurement

Equipment is measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes all expenditures that are directly attributable to the acquisition of the asset.

Depreciation

Equipment is depreciated annually on a straight-line basis using rates of 20% and 45% respectively.

Share-based Payment

The Company accounts for share-based payment using the fair value method. Under this method, compensation expense is measured at fair value on the date of grant using the Black-Scholes option pricing model, and is recognized as an expense or capitalized, depending on the nature of the grant, with a corresponding increase in equity, over the period that the employees earn the options. The amount recognized as an expense is

adjusted to reflect the number of share options expected to vest. The Black-Scholes option pricing model requires the input of subjective assumptions, including the expected term of the option and stock price volatility.

Warrants, stock options, and other equity instruments issued as purchase consideration in non-cash transactions, other than as consideration for E&E assets, are recorded at fair value determined by management using the Black-Scholes option pricing model. The fair value of the shares issued as purchase consideration for E&E assets is based upon the trading price of those shares on the TSX on the date of the agreement to issue shares as determined by the Board of Directors.

Warrants

Proceeds from unit placements are allocated between shares and warrants issued according to their relative fair value. The fair value of the share component is credited to share capital and the value of the warrant component is credited to contributed surplus. Upon exercise of the warrants, consideration paid by the warrant holder together with the amount previously recognized in the contributed surplus account is recorded as an increase to share capital.

Foreign Currency Translation

The Company's functional and presentation currency is the Canadian dollars. Foreign currency transactions are initially recorded in the functional currency at the transaction date exchange rate. At closing date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the closing date exchange rate, and non-monetary assets and liabilities at the historical rates. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in profit or loss.

Financial Instruments

Under Canadian income tax legislation, a company is permitted to issue shares whereby the company agrees to incur qualifying expenditures and renounce the related income tax deductions to the investors. To account for flow-through shares, the Company allocates total proceeds from the issuance of flow-through shares between the offering of shares and the sale of tax benefits.

The total amount allocated to the offering of shares is based on the quoted price of the underlying shares. The remaining amount which is allocated to the sale of tax benefits is recorded as a liability and is reversed when the tax benefits are renounced. The difference between the amount originally recorded as a liability and the estimated income tax benefits on date of renouncement is recognized as a gain or loss in earnings. The tax effect of the renunciation is recorded at the time the Company makes the renunciation, which may differ from the effective date of renunciation. If the flow-through shares are not issued at a premium, a liability is not established and on renunciation the full value of the tax assets renounced is recorded as a deferred tax expense.

NON-DERIVATION FINANCIAL ASSETS AND LIABILITIES

Cash and cash equivalents

Cash and cash equivalents include cash, and those short-term money market instruments that are readily convertible to cash with an original term of less than 90 days. The Company has classified its cash and cash equivalents as financial assets at fair value through profit and loss.

Marketable Securities

The Company has classified marketable securities available for sale. Financial instruments classified as being available for sale are measured at fair value, with any resultant gain or loss being recognized directly under other comprehensive income, except for impairment losses and, in the case of monetary items such as securities denominated in foreign currency, which are recorded in foreign exchange gains and losses. When these investments are de-recognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized costs using the effective interest method, less any impairment losses.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investment have been negatively impacted. Evidence of impairment could include:

- Significant financial difficulty of the issuer or counter party; or
- Default or delinquency in interest or principal payments; or
- It becomes probable that the borrower will enter into bankruptcy or financial reorganization.

The carrying amount of the financial asset is directly reduced by any impairment loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

Other liabilities

Accounts payable and accrued liabilities are classified as other liabilities at amortized cost. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the

trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle on a net basis or to realize the assets and settle the liability simultaneously.

Financial instruments recorded at FVTPL

Financial instruments recorded at fair value on the consolidated statements of financial position are classified using a financial value hierarchy that reflects the significance of the inputs used in marking the measurements. The fair value hierarchy has the following levels:

- Level 1 – valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – valuation techniques based on inputs other than quoted prices including Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – valuation techniques using inputs for the asset and liability that are not based on observable market data (unobservable inputs).

Provisions

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

A provision for onerous contracts is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Flow through Shares

Upon the issuance of flow through shares, the Company records the initial proceeds to capital stock, net of any tax liability, if any. The liability on the statement of financial position represents the premium of the financing price in excess of the market share price on the date of the flow through share financing. The financial liability pertaining to the premium is recognized in the statement of operations consistent with expenditure renunciations. As the Company renounces expenditures to meet flow through requirements, the corresponding liability is reversed to net income. The Company does not recognize deferred income taxes related to the resultant temporary differences.

Revenue Recognition

Interest revenue is recognized when it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably. Interest revenue is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

FIRST TIME ADOPTION OF IFRS

The Company adopted IFRS effective October 1, 2011, with a transition date of October 1, 2010. Prior to the adoption of IFRS the Company prepared its financial statements in accordance with Canadian GAAP.

The accounting policies in Note 3 have been applied in preparing the consolidated financial statements for the year ended September 30, 2012, the comparative information for the year ended September 30, 2011, and the preparation of an opening IFRS statement of financial position on the transition date, October 1, 2010.

Exemptions Applied

IFRS 1 First-time Adoption of International Financial Reporting Standards allows first-time adopters certain exemptions from the general requirement to retrospectively apply IFRS that were effective as at October 1, 2010. The Company has applied the following exemptions:

a) Share-based payments

IFRS 1 permits the application of IFRS 2 Share Based Payments only to equity instruments granted after November 7, 2002 that had not vested by the date of transition to IFRS.

b) Decommissioning liabilities (future reclamation provisions)

IFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities requires re-measurement of the asset retirement obligation at each period end to reflect changes due to changes in various assumptions. The Company has elected to utilize this exemption which allows the Company to not retrospectively adjust the environmental rehabilitation provision and related assets; the environmental rehabilitation provision has been accounted for in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets as at the transition date and thereafter.

c) Compound financial instruments

IAS 32 Financial Instruments: Presentation requires an entity to split a compound financial instrument at inception into separate liability and equity components. If the liability component is no longer outstanding, retrospective application of IAS 32 involves separating two portions of equity. However, in accordance with IFRS 1, a first-time adopter need not separate these two portions if the liability component is no longer outstanding at the date of transition to IFRS. The

Company has elected to utilize this exemption, and therefore not separate the two components of prior flow-through share issuances for which the related expenditures had been fully renounced as of the date of transition to IFRS.

d) Business Combinations

IFRS-1 permits the application of IFRS 3, Business Combinations on a prospective basis from the date of transition to IFRS. The Company has applied this exemption, and will apply IFRS-3 for business combinations after October 1, 2010.

IFRS 1 also requires that an entity's estimates under IFRS at the date of transition be consistent with estimates made under its Canadian GAAP for the same date, unless there is objective evidence that those estimates were made in error. The Company's IFRS estimates at October 1, 2010 are consistent with the estimates made under Canadian GAAP for that same date.

Reconciliations from Canadian GAAP to IFRS

The transition from Canadian GAAP to IFRS, the Company did not have a material impact on the consolidated statements of operations and comprehensive income (loss), changes in shareholders' equity and cash flows for the year ended September 30, 2011. These were also no material impact on the consolidated statements of financial position as of September 30, 2011 and October 1, 2010.

Risks and Uncertainties

The Company has no significant source of operating cash flow and no revenue from operations..

The Company may be subject to risks which could not reasonably be predicted in advance. Events such as labour disputes, environmental issues, natural disasters or estimation errors are prime examples of industry related risks.

The Company is in the business of petroleum and natural gas exploration and as such, its prospects are largely dependent on movements in the price of oil and gas. Prices fluctuate on a daily basis and are affected by a number of factors well beyond the control of the Company. Due to the current grassroots nature of its operations, the Company does not enter into price hedging programs.

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters.

Environmental Risks and Hazards

All phases of Monarch's exploration operations are subject to environmental regulations in the jurisdictions it operates. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more

stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect Monarch's operations. Environmental hazards may exist on the properties on which Monarch holds interests, which are unknown to Monarch at present and which may have been caused by previous or existing owners or operators of the properties. Monarch may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently and may in the future be required in connection with Monarch's operations. To the extent such approvals are required and not obtained; Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities which may cause operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Monarch may become subject to liability for hazards against which it cannot be insured. The Company is subject to all environmental acts and regulations at the federal and provincial levels.

To the Company's knowledge, there are no liabilities to date which relate to environment risks or hazards.

Evaluation of Disclosure Controls

As required by Multilateral Instrument 52-109, management carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of September 30, 2013. These controls continue to be monitored regularly and in the future, an independent party will be engaged to test these controls. Based on the current evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the company's disclosure controls and procedures are effective in recording, processing, summarizing and reporting, on a timely basis, information required to be disclosed by the Company to satisfy its continuous disclosure obligations, and are effective in ensuring that information required to be disclosed in reports that the Company files is accumulated and communicated to management as appropriate to allow for timely decisions regarding required disclosure. These comments are made within the context that the Company is a small business and as such there is little segregation of duties.

Corporate Governance Matters

Monarch has an independent audit committee and a compensation committee that meets periodically as required to review and approve financial statements and to approve management compensation.

Share Data

The following sets forth the outstanding securities of the Company as at September 30, 2013:

The authorized capital of the Company consists of an unlimited number of common shares

- (a) Common Shares – 101,851,860
- (b) Stock Options – 5,300,000
- (c) Warrants – Nil

Additional information relating to the Company's operations and activities can be found by visiting the Company's website at www.monarchenergy.ca and by assessing the Company's public documents filed on SEDAR at www.sedar.com

Signed

"Alex Falconer"
CFO
January 28, 2014