

ChroMedX Ltd.

Financial Statements

**For the Period From December 3, 2013 (Date of
Incorporation) To December 31, 2013**

INDEPENDENT AUDITORS' REPORT

To the Shareholders of ChroMedX Ltd.

We have audited the accompanying financial statements of ChroMedX Ltd. which comprise the statement of financial position as at December 31, 2013 and the statements of operations and comprehensive loss, changes in equity and cash flows for the period from December 3, 2013 (date of incorporation) to December 31, 2013 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 ChroMedX Ltd. as at December 31, 2013, and its financial performance and its cash flows for the period from December 3, 2013 (date of incorporation) to December 31, 2013 in accordance with International Financial Reporting Standards.

Collins Barrow Toronto LLP

Licensed Public Accountants
Chartered Accountants
March 5, 2013
Toronto, Ontario

ChroMedX Ltd.
Statement of Financial Position
As at December 31, 2013

2013

Assets

Current

Cash and cash equivalents	\$	11,537
Subscription receivable		1
GST/HST receivable		53

Due from Monarch (Note 3)		11,591
		16,000

\$ 27,591

Shareholders' Equity

Share capital (Note 4)	\$	1
Shares to be issued (Note 4)		28,000
Deficit		(410)

\$ 27,591

Approved by the Board



Director

ChroMedX Ltd.

Statement of Operations and Comprehensive Loss

Period From December 3, 2013 (Date of Incorporation) To December 31, 2013

	2013
Expenses	
Professional Fees	\$ 410
Net loss and comprehensive loss	\$ (410)

ChroMedX Ltd.**Statement of Changes in Equity****Period From December 3, 2013 (Date of Incorporation) To December 31, 2013**

	2013			
	Share Capital	Shares to be Issued	Retained Earnings (Deficit)	Total
Shares issued	\$ 1	\$ 28,000	\$ -	\$ 28,001
Net loss for the period	-	-	(410)	(410)
As at December 31, 2013	\$ 1	\$ 28,000	\$ (410)	\$ 27,591

ChroMedX Ltd.
Statement of Cash Flows
Period From December 3, 2013 (Date of Incorporation) To December 31, 2013

2013

Cash provided by (used in)

Operations

Net loss \$ (410)

Items not affecting cash

Change in GST/HST receivable (53)

(463)

Investing

Amounts loaned to Monarch (16,000)

Financing

Shares to be issued 28,000

Net change in cash \$ 11,537

1. NATURE OF OPERATIONS AND GOING CONCERN

ChroMedX (the "Company") was incorporated and organized under the laws of the Province of Ontario on December 3, 2013. The principal business address of the Company is 365 Bay Street, Suite 400, Toronto, Ontario, M5H 2V1.

On December 20, 2013, the Company entered into a share exchange agreement with Monarch Resources Ltd. ("Monarch"). Monarch has agreed to acquire from the Company's shareholders all of the issued and outstanding shares of the Company in exchange for an equal number of common shares in the capital of Monarch. It is expected, and as a condition of completion of the acquisition, that the Company will be the registered holder of certain patents and patents pending in the biomedical technology field. Currently no patents are held by the Company.

The financial statements were authorized and approved by the Board of Directors on March 5, 2014.

2. SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Basis of Preparation

The financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities. The estimates and associated assumptions are based on anticipations and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Financial Instruments

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Financial Instruments (Cont'd)

The Company has classified its financial instruments as follows:

Financial Instrument	Classification
Cash	FVTPL
Due from Monarch	Amortized cost
Subscription Receivable	Amortized cost

The Company's financial instruments measured at fair value on the balance sheet consist of cash and accrued liabilities. Cash is measured at level 1 of the fair value hierarchy. There are three levels of the fair value hierarchy as follows:

Level 1: Values based on unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2: Values based on quoted prices in markets that are not active or model inputs that are observable either directly or indirectly for substantially the full term of the asset or liability.

Level 3: Values based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement.

3. DUE FROM MONARCH

During the period, the Company advanced \$16,000 to ChroMedX. The amount is non-interest bearing and without specified terms of repayment.

4. SHARE CAPITAL

On formation, the owner of the Company purchased 100 shares of the company for \$1 per share.

Subsequent to year-end, investors subscribed for 4,500,000 units of the Company at \$0.02 per unit. Each unit consists of one common share and one common share purchase warrant. Each warrant entitles the holder one common share for a period of 18 months following the date of a listing on a recognized Canadian Stock Exchange. \$28,000 have been received on these units prior to year-end, and have been reflected as shares to be issued.

5. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for its partners and benefits for other stakeholders.

The Company includes shareholder's equity in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund its operations. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through investments by its shareholders.

Risk Disclosure and Fair Value

The fair value of all the companies' financial instruments approximate fair value due to the short term nature of these instruments. It is management's opinion that the Company is not exposed to significant interest, currency, liquidity or credit risks arising from these financial instruments.

6. KEY MANAGEMENT COMPENSATION

No amounts were incurred relating to compensation for key management.

7. EARNINGS PER SHARE

Basic and diluted loss per share for the year was \$4.10. The weighted average shares outstanding for the year was 100 shares.