MONARCH ENERGY LIMITED
CONDENSED UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(PREPARED BY MANAGEMENT)
FOR THE THREE AND SIX MONTH PERIODS ENDED JUNE 30, 2014

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MONARCH ENERGY LIMITED
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING
JUNE 30, 2014

The accompanying condensed unaudited interim consolidated financial statements of Monarch Energy Limited (the "Company") were prepared by management in accordance with International Financial Reporting Standards. Management acknowledges responsibility for the preparation and presentation of the financial statements, including responsibility for significant accounting judgments and estimates and the choice of accounting principles and methods that are appropriate to the Company's circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for ensuring that management fulfills its financial reporting responsibilities and for reviewing and approving the financial statements together with other financial information. The Audit Committee, on behalf of the Board of Directors, meets with management to review the internal controls over the financial reporting process, the financial statements together with other financial information of the Company, and the auditor's report. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the financial statements for issuance to the shareholders. Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

Notice of no auditor review of interim financial statements:

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed unaudited interim consolidated financial statements of the Company have been prepared by, and are the responsibility of, the Company's management.

MONARCH ENERGY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014
(Unaudited - in Canadian dollars)

		June 30, 2014
ASSETS		
Current		
Cash and cash equivalents	$	213,083
Amounts receivable		5,315
GST/HST receivable		35,376
		253,774
Property and equipment (Note 4)		613
Reclamation bonds (Note 6)		48,083
Patents (Note 5)		1,365,300
Asset retirement obligation (Note 7)		28,854
	$	1,696,624
LIABILITIES		
Current		
Accounts payable and accrued liabilities	$	114,937
Due to related parties (Note 9)		13,463
		128,400
Provision for well abandonment costs (Note 7)		28,854
		157,254
SHAREHOLDERS' EQUITY (DEFICIENCY)		
Capital stock (Note 8(a))		2,308,891
Warrant reserve (Note 8(c))		127,439
Contributed surplus		156,469
Deficit		(1,053,429)
		1,539,370
	$	1,696,624

NATURE OPERATIONS AND GOING CONCERN, (Note 1)
SUBSEQUENT EVENTS, (Note 13)

Approved on behalf of the board:

"Wayne Maddever" President and Director
"Gerard Edwards" Director

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

MONARCH ENERGY LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (LOSS)

FOR THE THREE MONTH AND SIX MONTH PERIODS ENDED JUNE 30, 2014

(Unaudited - in Canadian dollars)

		Three Months 2014		Six Months 2014
Expenses				
Consulting fees (Note 9)	$	8,000	$	8,000
Administrative expenses		99,000		99,000
Management fees (Note 9)		70,000		70,000
Office, general and administrative		31,097		33,899
Professional fees		6,409		17,968
Transfer agent and filing fees		-		2,500
RTO listing expense (Note 3)		665,594		665,594
Net comprehensive loss for the period	$	(880,100)	$	(896,961)
Loss per share				
Basic and fully diluted (Note 12)	$	(5.32)		(5.42)
Weighted average number of common shares outstanding, basic and diluted		165,476		165,476

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

MONARCH ENERGY LIMITED

CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY (DEFICIENCY)
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2014
(Unaudited - in Canadian dollars)

	Capital Stock		Issuable Capital stock					
Monarch	**Number of shares**	**Amount**	**Number of shares**	**Amount**	**Warrants reserve**	**Contributed Surplus**	**Deficit**	**Total**
Balance, October 1, 2013	101,851,860	$ 19,466,341	-	$ -	$ -	$ 1,636,009	$(21,222,657)	$ (120,307)
Monarch cosolidation adjustment 1:20(Note 8(a)(i))	(96,759,267)	(19,466,341)	-	-	-	(1,636,009)	21,102,350	-
RTO transaction (Note 3)	-	-	-	-	-	-	120,307	120,307
Balance, June 30, 2014	5,092,593	$ -	-	$ -	$ -	$ -	$ -	$ -
ChroMedx								
Balance, Janunary 1, 2014	100	$ 1	1,400,000	$ 28,000	$ -	$ -	$ (410)	$ 27,591
Shares issued for cash - seed shares (Note 8(a)(ii),(iii))	4,500,000	90,000	(1,400,000)	(28,000)	-	-	-	62,000
Shares issued for cash (Note 8(a)(vi))	5,175,000	517,500	-	-	-	-	-	517,500
Shares issued for patent (Note 8(a)(i),(ii))	15,000,000	1,365,300	-	-	-	-	-	1,365,300
Fair value on warrants	-	(127,439)	-	-	127,439	-	-	-
RTO transaction (Note 3)	5,092,593	463,529	-	-	-	156,469	(156,058)	463,940
Net loss for the period	-	-	-	-	-	-	(896,961)	(896,961)
Balance, June 30, 2014	29,767,693	$ 2,308,891	-	$ -	$ 127,439	$ 156,469	$ (1,053,429)	$ 1,539,370

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

MONARCH ENERGY LIMITED
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTH PERIODS ENDED JUNE 30, 2014
(Unaudited - in Canadian dollars)

	Six Months 2014
Cash flows from operating activities	
Net loss for the period	$ (896,961)
Adjustments not effecting cash:	
Changes in non-cash operations working capital	
Amounts receivable	(5,314)
GST/HST receivable	(35,323)
Accounts payable and accrued liabilities	105,774
Cash flows used in operating activities	(831,824)
Cash flows from investing activities	
Capital assets	(613)
Patents	(1,365,300)
Amounts loaned from related party	13,463
Decrease in intercompnay	16,000
Reclamation bonds	(48,083)
Cash acquired on RTO	9,574
Cash flows used in investing activities	(1,374,959)
Cash flows from financing activities	
Issuance of common shares	579,500
Issuance of common shares for patents	1,365,300
Issuance of common shares on RTO	463,529
Cash flows provided by financing activities	2,408,329
Net increase in cash and cash equivalents	201,546
Cash and cash equivalents, beginning of period	11,537
Cash and cash equivalents, end of period	$ 213,083

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Monarch Energy Limited ("Monarch" or the "Company") was incorporated in British Columbia and is engaged in the business of research, development and manufacturing of rapid diagnostics and technologies. The principal business address of the Company is 65 Queen Street West Suite 520, Toronto, Ontario, M5H 2M5.

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 and also has working capital of $125,374 as at June 30, 2014. 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. These material uncertainties cast significant doubt on the Company's ability to continue as a going concern.

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 condensed interim consolidated statement of financial position.

On June 30, 2014, the Company entered into a share exchange agreement with ChroMedX Ltd. ("ChroMedX") and ChroMedX Inc. pursuant to which the Company has acquired 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 (the "Acqusition"). ChroMedX will be the registered holder of certain patents and patents pending in the biomedical technology field.

The financial reporting periods of Monarch are currently the reporting periods of ChroMedX which currently has a December 31 year end. Monarch has decided to change its year end to September 30 to coincide with the year end of the reporting issuer prior to completion of the Transaction. As such, the first financial year end for Monarch following the Transaction will be September 30, 2014, being the transition year.

2. BASIS OF PRESENTATION

Statement of Compliance

The condensed interim unaudited consolidated financial statements have been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting" ("IAS 34"), as issued by the International Accounting Standards Board ("IASB") and therefore, do not contain all disclosures required by International Financial Report Standards ("IFRS") for annual financial statements.

The policies applied in these condensed interim unaudited consolidated financial statements are consistent with the policies disclosed in Notes 2 of the audited annual financial statements for the year ended December 31, 2013, prior to the year end change.

The condensed interim unaudited financial statements were authorized for issue by the Board of Directors on August 29, 2014.

Recently Issued Accounting Pronouncements not yet Adopted

IFRS 9 Financial Instruments

IFRS 9, Financial Instruments was issued by the IASB and will replace IAS 39, Financial Instruments: Recognition and Measurement. IFRS 9 retains but simplifies the mixed measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value through profit or loss. IFRS 9 also replaces the models for measuring equity instruments. Such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). The effective date for IFRS 9 is yet to be determined.

(Unaudited - in Canadian dollars)

Principles of Consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, ChroMedX. All significant intercompany balances and transactions have been eliminated on consolidation.

3. REVERSE TAKE OVER

On June 30, 2014, the Company completed a transaction which resulted in the acquisition of ChroMedX, a company incorporated under the laws of Ontario on December 3, 2013. As the former ChroMedX shareholders ended up owing the majority of the Company upon completion of the transaction, the transaction was deemed to be a reverse takeover.

The share capital of the Company and ChroMedx is as follows:

		Monarch		ChroMedX		Adjustments related to the RTO		Combined
Common shares		101,851,860		9,675,100		(96,759,267)		14,767,693
Dollars	$	19,466,341	$	607,501	$	(19,002,812)	$	1,071,030
Shares issued for patent transfer		-		15,000,000		-		15,000,000
Dollars	$	-	$	1,365,300	$	-	$	1,365,300
Warrants		-		6,675,000		-		6,675,000
Fair value on warrants	$	-	$	127,439	$	-	$	127,439

In accordance with IFRS 3, Business Combination, the substance of the transaction is a reverse takeover of a nonoperating company. The transaction does not constitute a business combination as the Company does not meet the definition of a business under the standard. As a result, the transaction is accounted for as an acquisition of a stock exchange listing with ChroMedX being identified as the acquirer and the equity consideration being measured at fair value.

The cost of the transaction for the period ended June 30, 2014, was calculated as follows:

5,092,593 common shares acquired (1:20 consolidation)	$	463,529
Other net liabilities assumed		156,469
Transaction costs		45,596
	$	665,594

4. PROPERTY AND EQUIPMENT

		Computer equipment		Office equipment		Total
Carrying Amounts						
As at June 30, 2014	$	86	$	527	$	613

(Unaudited - in Canadian dollars)

5. PATENTS

The following is a summary of Patents as at June 30, 2014:

Balance, December 31, 2013	$ -
Additions	1,365,300
Balance, June 30, 2014	$ 1,365,300

6. RECLAMATION BONDS

The Company holds reclamation bonds with the Alberta Energy Regulator as required by section 1.100(2) of the Oil and Gas Conservation Regulations and Directive 006: License Liability Rating Program and License Transfer Process. The reclamation bonds are held for the purposes of the future well abandonment (note 8), related to the business of the Company prior to the revere takeover transaction (note 3).

7. ASSET RETIREMENT OBLIGATION

During 2013, the Company set up a provision to close and abandon a gas well using a discount rate of 5%. The Company expects to abandon the well in 10 years. The provision is capitalized as an asset retirement obligation in the statement of financial position.

8. CAPITAL STOCK

(a) Common shares

Authorized

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

(i) During the period, the Company consolidated its common shares on a 1:20 basis.

(ii) In June 2014, the Company completed a private placement of 3,000,000 shares at a price of $0.02 per share for aggregate proceeds of $60,000.

(iii) In June 2014, the Company completed a second tranche private placement of 1,500,000 units at a price of $0.02 per unit for aggregate proceeds of $30,000. Each unit consist of one common share of the Company and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.15 per a common share for a period of 18 months from the date of issuance.

(vi) In June 2014, the Company completed a third tranche private placement of 5,175,000 units at a price of $0.10 per unit for aggregate proceeds of $517,500. Each unit consist of one common share of the Company and one-half common share purchase warrant with each warrant entitles the holder thereof to acquire one common share at a price of $0.15 per a common share for a period of 12 months from the date of issuance and one-half common share purchase warrant with each warrant entitles the holder thereof to acquire one common share at a price of $0.25 per a common share for a period of 24 months from the date of issuance.

(v) In June 2014, the Company issued 15,000,000 shares for Patents and Patents pending relating to the technology.

(Unaudited - in Canadian dollars)

(b) **Stock option plan and share-based compensation**

The Company has a stock option plan under which it is authorized to grant options to directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common shares of the Company. Under the plan, the exercise price of each option equals the market price, minimum price, or a discounted price of the Company's shares as calculated on the date of grant. The options can be granted for a maximum term of 5 years. Options issued to consultants vest at 25% every three months. Options to directors and employees fully vest immediately upon granting but the common shares on exercise are subject to a four month hold period from the date of exercise.

Compensation costs have been determined based on the fair value of the options at the grant date using the Black-Scholes option-pricing model. Compensation expense of $Nil was recorded in the statement of operations and comprehensive income (loss) during the period ended June 30, 2014.

The following table summarizes information concerning the Company's stock options outstanding as at June 30, 2014:

	Number of Options	Weighted Average Exercise Price
Outstanding and exercisable - September 30, 2012 and September 30, 2013	5,300,000	$ 0.10
Cancelled	(5,300,000)	0.10
Outstanding as at June 30, 2014	**-**	**$ -**

Stock options were cancelled during the period ended June 30, 2014 pursuant to the terms of the transaction with ChroMedX (note 3).

(c) **Warrants**

The following table summarizes warrants that have been issued, exercised or have expired during the period ended June 30, 2014:

	Number of Warrants	Fair Value	Weighted average exercise price
Balance, beginning	-	$ -	$ -
Issued	6,675,000	127,439	0.19
Balance, June 30, 2014	**6,675,000**	**$ 127,439**	**$ 0.19**

The fair value of warrants issued in the period ended June 30, 2014 of $127,439 has been estimated using the Black-Scholes pricing model and this value has been disclosed as a separate component of shareholders' equity.

The assumptions used for the valuation of warrants are as follows:

	June 30, 2014
Risk-free interest rate	1.09
Time to maturity	1-2 years
Estimated volatility in the market price of the common shares	80%
Dividend yield	NIL

(Unaudited - in Canadian dollars)

At June 30, 2014, the following warrants were outstanding. The warrants entitle the holders to purchase the stated number of common shares at the exercise price on or before the expiry date:

Warrants	Exercise Price	Fair Value	Expiry date
1,500,000	$ 0.15	$ 28,062	December 31, 2015
2,587,500	$ 0.15	$ 48,408	June 30, 2015
2,587,500	$ 0.25	$ 50,969	June 30, 2016
6,675,000			

9. RELATED PARTY TRANSACTIONS

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:

	June 30, 2014
Short-term benefits*	$ 78,000
Legal fees were charged by an officer for legal and corporate secretarial services	$ 55,117

*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 period ended June 30, 2014.

As at June 30, 2014, amounts due to related parties consist of $13,463 to companies controlled by officers and directors of the Company.

10. FINANCIAL RISK FACTORS

The Company manages its exposure to a number of different financial risks arising from its operations as well as its use of financial instruments including market risks (commodity prices, foreign currency exchange rate and interest rate), credit risk and liquidity risk through its risk management strategy. The objective of the strategy is to support the delivery of the Company's financial targets while protecting its future financial security and flexibility.

Financial risks are primarily managed and monitored through operating and financing activities and, if required, through the use of derivative financial instruments. The financial risks are evaluated regularly with due consideration to changes in the key economic indicators and up-to-date market information.

The Company's financial instruments consist of cash and cash equivalents, amounts receivable, due from related party, reclamation bonds, accounts payable and accrued liabilities, and amounts due to related parties. The fair value of the Company's receivables, due from related party, accounts payable and accrued liabilities, and amounts due to related parties approximate their carrying value, due to their short-term maturities or ability of prompt liquidation. The Company's cash and cash equivalents are recorded at fair value, under the fair value hierarchy, based on level one quoted prices in active markets for identical assets or liabilities. The Company's other financial instrument, being reclamation bonds, are measured at amortized cost.

The Company is exposed in varying degrees to a variety of financial instrument related risks.

Market Risk

Market risk is the risk or uncertainty arising from possible market price movements and their impact on the future performance of the business. These market risks are evaluated by monitoring changes in key economic indicators and market information on an on-going basis.

a) Interest Rate Risk

The Company has cash balances, and is not at a significant risk to fluctuating interest rates. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. As of June 30, 2014 , the Company did not have any investments in investment-grade short-term deposit certificates.

b) Foreign currency risk

As at June 30, 2014, the Company's expenditures are predominantly in Canadian dollars, and any future equity raised is expected to be predominantly in Canadian dollars.

Liquidity Risk

Liquidity risk encompasses the risk that a company cannot meet its financial obligations in full. The Company's main sources of liquidity is derived from its common stock issuances. These fund are primarily used to finance working capital, operating expenses, capital expenditures, and acquisitions.

The Company manages its liquidity risk by regularly monitoring its cash flows from operating activities and holding adequate amounts of cash and cash equivalents.

As at June 30, 2014, the Company held cash of $213,083 to settle current liabilities of $128,400. The Company expects to fund these liabilities through the issuance of capital stock over the coming year.

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents. The Company has reduced its credit risk by investing its cash equivalents with a Canadian chartered bank.

11. CAPITAL MANAGEMENT

The Company defines capital management in the manner it manages its capital stock. As at June 30, 2014 the Company's capital stock was $2,308,891.

There were no changes in the Company's approach to capital management during the period ended June 30, 2014 and the Company is not subject to any externally imposed capital requirements.

The Company's objectives when managing capital are:

a) To safeguard the Company's financial capacity and liquidity for future earnings in order to continue to provide an appropriate return to shareholders and other stakeholders;

b) To maintain a flexible capital structure which optimizes the cost of capital at an acceptable risk; and

c) To enable the Company to maximize growth by meeting its capital expenditure budget, to expand its budget to accelerate projects, and to take advantage of acquisition opportunities.

The Company's capital structure includes components of shareholders' equity.

The Company regularly monitors and reviews the amount of capital in proportion to risk and future development and exploration opportunities. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue new debt or equity or similar instruments, reduce debt levels from, or make adjustments to, its capital expenditure program.

12. BASIC AND DILUTED LOSS PER SHARE

Basic loss per share has been calculated by dividing the net loss per the financial statements by the weighted average number of shares outstanding during the year. The fully diluted loss per share would be calculated using a common share balance increased by the number of common shares that could be issued on the exercise of outstanding warrants and options of the Company. As the Company is in a loss position for the period ended June 30, 2014, this would be anti-dilutive.

13. SUBSEQUENT EVENTS

Subsequent to quarter end, the Company issued 2.950,000 incentive options to officers, directors, consultants and employees. The options have a strike price of $0.10 and expire July 9, 2019.