

MONTEREY MINERALS INC.

Vancouver, BC

FINANCIAL STATEMENTS

For the Year Ended April 30, 2016

Monterey Minerals Inc.
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Cinnamon Jang Willoughby

Chartered Professional Accountants

A Partnership of Incorporated Professionals

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Monterey Minerals Inc.:

We have audited the accompanying financial statements of Monterey Minerals Inc., which comprise of the statements of financial position as at April 30, 2016 and April 30, 2015 and the statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, 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 audits. We conducted our audits 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 in our audits 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 Monterey Minerals Inc. as at April 30, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw your attention to Note 1 to the financial statements which indicates that the continuation of the Company's operations is dependent on the ability to receive continued financial support or generate profitable operations in the future. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

"Cinnamon Jang Willoughby"

Chartered Professional Accountants

Burnaby, BC
August 28, 2016

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HLB Cinnamon Jang Willoughby is a member of  International. A world-wide organization of accounting firms and business advisors.

Monterey Minerals Inc.
Statement of Financial Position
April 30, 2016

	April 30, 2016	April 30, 2015
Assets	\$ -	\$ -
Liabilities		
Current:		
Accounts payable	\$21,739	\$7,000
Deposits (Note 7)	1,000	1,000
	22,739	8,000
Shareholder's Deficiency		
Share Capital (Note 4)	1	1
Deficit	22,740	8,001
	22,739	8,000
Nature and Continuance of Operations (Note 1)		
Commitments (Note 8)		
	\$ -	\$ -

The accompanying notes are integral to these financial statements.

Approved by the Director:

/s/ Ron Ozols

Director

Monterey Minerals Inc.
Statement of Loss and Comprehensive Loss
For the Year Ended April 30, 2016

	For the Year Ended April 30, 2016	For the Period May 9, 2014 to April 30, 2015
Expenses:		
Consulting	\$10,500	\$1,000
Professional fees	2,500	7,001
Transfer Agent & Filing Fees	3,931	-
	16,931	8,001
Less: Expense recovery	2,192	-
Net Loss and total comprehensive loss for the period	14,739	8,001
Basic and diluted loss per common share	\$14,739	\$8,001
Weighted average number of common shares outstanding	1	1

The accompanying notes are integral to these financial statements.

Monterey Minerals Inc.
Statement of Changes in Equity
For the Year Ended April 30, 2016

	Common Shares			
	Number	Amount	Deficit	Total
Balance, May 9, 2014				
(Date of Incorporation)	1	\$1	\$ -	\$ 1
Net Loss for the period	-	-	8,001	8,001
Balance, April 30, 2015	1	1	8,001	8,000
Net Loss for the period	-	-	14,739	14,739
Balance, April 30, 2016	1	\$1	\$22,740	\$22,739

The accompanying notes are integral to these financial statements.

Monterey Minerals Inc.
Statement of Cash Flows
For the Year Ended April 30, 2016

	For the Year Ended April 30, 2016	For the Period May 9, 2014 to April 30, 2015
Net loss for the period	\$14,739	\$8,001
Operating activities:		
Increase (Decrease) in accounts payable & accrued liabilities	14,739	8,001
Cash flows used in operating activities being increase in cash and cash equivalents	-	-
Cash & cash equivalents, beginning of the period	-	-
Cash & cash equivalents, end of the period	\$ -	\$ -

The accompanying notes are integral to these financial statements.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

1. Nature and Continuance of Operations:

Monterey Minerals Inc. (the "Company") was incorporated as a wholly-owned subsidiary of reporting issuer Auxellence Health Corporation on May 9, 2014 under the laws of British Columbia, Canada. Its head office and registered office is located at 605-815 Hornby Street, Vancouver, BC, V6Z 2E6, Canada. The Company is a reporting issuer in the province of British Columbia.

The Company is in the technology business/sector involved in internet marketing and applications.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company's continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business of internet marketing and applications.

The development of its business may take many years to be in successful and the amount of resulting income, if any, is difficult to determine with any certainty. On April 30, 2016, the Company had not yet achieved profitable operations, had no profit, a deficit of \$22,740 and working capital deficit of \$22,739 and expects to incur losses in the development of its business, all of which casts material uncertainty about the Company's ability to continue as a going concern.

In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to twelve months from the end of the reporting period. Management is aware, in making its assessment, of material uncertainties related to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern as described above, and accordingly, the appropriateness of the use of accounting principles applicable to a going concern. These financial statements do not include any adjustments relating to the realization of assets and liquidation of liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. Basis of Presentation:

Statement of Compliance -

The financial statements for the year ended April 30, 2016 were prepared in accordance with the International Financial Reporting Standards ("IFRS") and their interpretation by the IASB as of April 30, 2016.

The financial statements of the Company for the year ended April 30, 2016 have been prepared by management, and reviewed, approved and authorized for issue by the Board of Directors on August 26, 2016. Shortly thereafter, the financial statements are made available to the shareholder and others through filing on the System for Electronic Document Analysis and Retrieval ("SEDAR").

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies:

The accounting policies set out below are in effect in the annual financial statements for the year ended April 30, 2016 and have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

a) Basis of Measurement -

These financial statements have been prepared on a historical cost basis, except for financial instruments classified in accordance with measurement standards under IFRS. These financial statements have been prepared using IFRS principles applicable to a going concern, which contemplate the realization of assets and settlement of liabilities in the normal course of business as they come due.

b) Significant Accounting Judgments and Estimates -

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

c) Financial Instruments -

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

c) Financial instruments (Continued) -

Financial assets and liabilities are classified into one of the following categories based on the purpose for which they were acquired:

- Financial asset or financial liability at fair value through profit or loss;
- Held-to-maturity investments;
- Loans and receivables;
- Available-for-sale financial assets; and
- Other financial liabilities

The classification is determined at initial recognition and depends on the nature and purpose of the financial asset and liability. All transactions related to financial instruments are recorded on a settlement date basis.

Financial asset or financial liability at fair value through profit or loss ("FVTPL")

A financial asset or liability classified at fair value through profit or loss if it is classified as held for trading or designated as such upon initial recognition. Financial assets and liabilities are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management strategy. Attributable transaction costs are recognized in profit or loss when incurred. FVTPL are measured at fair value, and changes are recognized in profit or loss.

Held-to-Maturity

These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are measured at amortized costs using the effective interest method. If there is objective evidence that the asset is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investments, including impairment losses, are recognized in the profit or loss.

Loans and Receivables

These assets are non-derivative financial assets resulting from the delivery of cash or other assets by a lender to a borrower in return for a promise to repay on a specified date or dates, or on demand that are not quoted in an active market. They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and subsequently carried at amortized cost, using the effective interest rate method, less any impairment losses. Amortized cost is calculated taking into account any discount or premium on acquisition and includes fees that are an integral part of the effective interest rate and transaction costs. Gains and losses are recognized in the profit or loss when the loans and receivables are derecognized or impaired, as well as through the amortization process.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

c) Financial instruments (Continued) -

Available-for-Sale Financial

Non-derivative financial assets not included in the above categories are classified as available-for-sale. Except as mentioned below, available-for-sale financial assets are carried at fair value with changes in fair value recognized directly in other comprehensive income. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in the profit or loss.

Available-for-sale financial assets that do not have quoted market prices in an active market are recorded at cost.

Interest on interest-bearing available-for-sale financial assets is calculated using the effective interest method.

The Company has classified cash and cash equivalents as FVTPL, investments in equity instruments as available-for-sale financial assets, receivables as loans and receivables, and accounts payable and accrued liabilities as other liabilities.

Effective Interest Method

The effective interest method calculates the amortized cost of a financial asset or a financial liability and allocates interest income or interest expense over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments or receipts over the expected life of the financial instrument or, where appropriate, to the net carrying amount of the financial asset or financial liability.

Derecognition of Financial Liabilities

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

d) Offsetting of Financial Instruments -

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

e) Impairment of Financial Assets -

The Company assesses at each date of the statement of financial position whether a financial asset is impaired.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

e) Impairment of Financial Assets (Continued) -

Financial Assets Carried at Amortized Cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or 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 to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

In relation to receivables, a provision for impairment is made and an impairment loss is recognized in income when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-Sale Financial Assets

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from accumulated comprehensive income to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in profit or loss.

f) Comprehensive Income (Loss) -

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholder and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) measures net earnings for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholder's equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception and accordingly, a statement of comprehensive income (loss) has not been presented.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

g) Loss Per Share -

Basic loss per share is computed by dividing the net loss available to common shareholder by the weighted average number of shares outstanding during the reporting period. Diluted loss per share is computed similar to basic loss per share except that the weighted average share outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

h) Provisions -

Provisions are recognized when the Company has a present legal or constructive obligation that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognized, unless it was assumed in the course of a business combination. In a business combination, contingent liabilities arising from present obligations are recognized in the course of the allocation of the purchase price to the assets and liabilities acquired in the business combination. They are subsequently measured at the higher amount of a comparable provision as described above and the amount initially recognized, less any amortization.

Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

i) Future Changes in Accounting Policies -

The IASB issued a number of new and revised International Accounting Standards ("IAS"), International Financial Reporting Standards ("IFRS"), amendments and related interpretations. At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards and interpretations, which could be applicable to the Company and are not yet effective for the relevant reporting periods.

IAS 1, "Presentation of Financial Statements"

The IASB amended IAS 1 in December 2014 to clarify the existing presentation and disclosure requirements and provide guidance to assist in determining what to disclose and how that information should be presented in the financial statements. The amendments are effective for annual periods beginning on or after January 1, 2016.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

i) Future Changes in Accounting Policies (Continued) -

IFRS 9, "Financial Instruments"

In July 2014, the IASB issued the final version IFRS 9 that supersedes the requirements of earlier versions of the standard. The new standard will replace both *IAS 39, "Financial Instruments: Recognition and Measurement"* and *IFRIC 9, "Reassessment of Embedded Derivatives"*. The standard will retain the classification and measurements requirements and new hedge accounting model introduced by the previous versions while introducing a single forward-looking expected credit loss impairment model. The final version of this new standard is effective for annual periods beginning on or after January 1, 2018. However, an entity may elect to apply the earlier versions of this new standard to annual periods beginning before January 1, 2018 if, and only if, its initial application date is before February 1, 2015.

IFRS 15, "Revenue from Contracts with Customers"

In May 2014, the IASB issued this new standard which will supersede the requirements of *IAS 11 Construction Contracts*, *IAS 18 Revenue*, *IFRIC 13 Customer Loyalty Programmes*, *IFRIC 15 Agreements for the Construction of Real Estate*, *IFRIC 18 Transfers of Assets from Customers*, and *SIC-31 Revenue - Barter Transactions Involving Advertising Services*.

The standard will apply a core principal in that an entity should recognize revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. It will follow a five-step analysis of transactions to determine when and how much revenue is to be recognized. This new standard is effective for annual periods beginning on or after January 1, 2017.

IFRS 16, "Leases"

In January 2016, the IASB issued IFRS 16, replacing IAS 17, "Leases". IFRS 16 provides a single lessee accounting model and requires the lessee to recognize assets and liabilities for all leases on its balance sheet, providing the reader with greater transparency of an entity's lease obligation. This standard is effective for reporting periods beginning on or after January 1, 2019, with early adoption permitted.

IAS 16, "Property, Plant and Equipment" and IAS 38, "Intangible Assets"

In May 2014, the IASB issued amendments to these sections to clarify acceptable methods of depreciation and amortization. The amended IAS 16 eliminates the use of a revenue-based depreciation method for items of property, plant and equipment. Similarly, amendments to IAS 38 eliminate the use of a revenue-based amortization model for intangible assets except in certain specific circumstances. The amendments are to be applied prospectively and are effective for annual periods beginning on or after January 1, 2016 with earlier application permitted.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

3. Significant Accounting Policies: (Continued)

i) Future Changes in Accounting Policies (Continued) -

The Company has not early adopted these standards, amendments and interpretations; however the Company is currently assessing what impact the application of these standards or amendments will have on the financial statements of the Company. These standards and interpretations will be first applied in the financial report of the Company that relates to the annual reporting period beginning on or after the effective date of each pronouncement.

4. Share Capital and Reserves:

Authorized –

Unlimited Common shares without par value; and

Issued and Outstanding –

One common share was issued by the Company for \$1.00 on May 9, 2014 to the incorporator and the parent company. The incorporator share transferred to the director of the company on November 18, 2014.

5. Capital Disclosures:

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholder and benefits for other stakeholders. The Company considers the items included in shareholder's equity and cash as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the commercialization of the licensed proprietary health monitoring/therapeutic systems and the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans, the Company intends to raise additional funds through the equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

6. Financial and Capital Risk Management:

The Company is exposed to various financial instrument risks and assesses the impact and likelihood of this exposure. These risks include liquidity risk, credit risk and market risk. Where material, these risks are reviewed and monitored by the Board of Directors.

a) Credit risk -

Credit risk is the risk of potential loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets including cash and cash equivalents and receivables.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

6. Financial and Capital Risk Management: (Continued)

b) Liquidity risk -

Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company ensures that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. As the Company does not have any cash or cash equivalents, the liquidity risk has been assessed as being high.

7. Related Party Transactions:

During 2016 fiscal year-end, the Company has not incurred transactions with a company managed by a common director. Transactions for the period and balances outstanding at January 31, 2016 are as follows:

	2016	2015
Consulting fees	\$ -	\$ 1,000

As at April 30, 2016, included in deposits is \$1,000 (2015 - \$1,000) owing to a Company with directors in common for shares that are to be issued as a part of the Plan of Arrangement (see Note 8).

These transactions above are in the normal course of operations and are measured at the agreed to amounts, which is the amount of consideration established and agreed to by the related parties.

8. Commitments:

Monterey Minerals Inc. entered into a plan of arrangement (the "Arrangement") on June 13, 2014 with Auxellence Health Corp ("Auxellence"), and Auxellence's wholly-owned subsidiaries. Pursuant to the Arrangement, the Company is to issue 1,010,549 shares to the shareholders of Auxellence which equals the number of issued and outstanding common shares of Auxellence at the time of the share distribution date multiplied by the conversion factor, plus an additional 500 share per beneficial holder. In exchange for the shares, Auxellence will transfer to the Company \$1,000 and the all of its interest in the letter of intent to Monterey.

The company has yet to issue the shares.

Monterey Minerals Inc.
Notes to Financial Statements
April 30, 2016

9. Income Taxes:

A reconciliation of current income taxes at statutory rates with the reported taxes is as follows:

	2016	2015
Loss before income taxes	\$ 14,739	\$ 8,001
Statutory rates	26.00%	26.00%
Expected income tax recovery at statutory rates	3,832	2,080
Effect of an increase in tax rates	-	-
Non-capital losses expired	-	-
Non-deductible expenses and other deductions	-	-
(Increase) Decrease in unrecognized deferred taxes	(3,832)	(2,080)
Deferred income tax recovery	\$ -	\$ -

Details of deferred income tax assets are as follows:

	April 30, 2016	April 30, 2015
Deferred income tax assets:		
Non-capital losses carried forward	\$ 5,912	\$ 2,080
Capital losses carried forward	-	-
Tax value of equipment in excess of book value	-	-
Tax value of CEC in excess of book value	-	-
Total deferred income tax assets	5,912	2,080
Less: unrecognized deferred tax assets	(5,912)	(2,080)
Deferred income tax assets	\$ -	\$ -

Estimated taxable income for the period is \$Nil. Deferred tax assets have not be recognized because it is not probable that future taxable income will be available against which the company can utilize the benefits from the deductible temporary differences and unused tax losses.

Non-Capital Losses –

As at April 30, 2016, the Company has non-capital losses of approximately \$22,740 (2015 - \$8,001) which may be carried forward to apply against future years income tax for Canadian income tax purposes, subject to final determination by taxation authorities and expiring as follows:

2035	\$ 8,001
2036	14,739