

**MONTEREY MINERALS INC.**  
**AMENDED MANAGEMENT DISCUSSION AND ANALYSIS**  
**For the Year Ended April 30, 2016**  
**Dated September 26, 2016**

**MONTEREY MINERALS INC.****Management Discussion and Analysis of Financial Position and Results of Operations****For the Year Ended APRIL 30, 2016****(All amounts expressed in Canadian dollars, unless otherwise stated)**

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This Management Discussion and Analysis (“MD&A”) provides a detailed analysis of the business of Monterey Minerals Inc. (the “Company”) and discloses its financial results for the period ended April 30, 2016. The MD&A should be read in conjunction with the Annual Financial Statements of the Company for April 30, 2016 and related notes, which have been prepared in accordance with International Financial Reporting Standards (“IFRS”). Refer to Note 3 of the April 30, 2016 Annual financial statements for disclosure of the Company’s significant accounting policies and a discussion of future accounting policy changes. The Company’s reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

This MD&A contains certain statements that may constitute “forward-looking statements”. Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company’s ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

This Amended MD&A is current as at September 26, 2016.

**BACKGROUND**

Monterey Minerals Inc. 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’s Business**

The Company is in the technology business/sector involved in internet marketing and applications. As of the date of this document, the Company has not commenced commercial operations.

**LIQUIDITY AND CAPITAL RESOURCES**

At April 30, 2016, the Company had working capital deficit of \$22,739.

The financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, 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. During the year ended April 30, 2016, the Company incurred \$14,739 net loss. The continuation of the Company as a going concern is dependent on its ability to obtain generate profitable business operations and secure external financing.

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**OUTSTANDING SHARE DATA**

The following share capital data is current as of April 30, 2016:

	<b>Balance</b>
Shares issued and outstanding	1

**SELECTED ANNUAL INFORMATION**

The following table sets out selected audited financial information of the Company and is derived from the audited financial statements prepared by management. The statements are prepared in conformity with International Financial Reporting Standards (“IFRS”) and are expressed in Canadian dollars.

Fiscal Year	Revenues	Net Income (Loss)	Net Income (Loss) Per Share (Basic and Diluted)	Total Assets	Total liabilities
	\$	\$	\$	\$	\$
2016	-	(14,739)	(14,739)	-	22,739
2015	-	(8,001)	(8,001)	-	8,000

During the fiscal year 2016 the company incurred a loss of \$14,739 vs. a loss of \$8,001 in 2015. This was primarily due to external consulting fees in addition to any professional and administration fees which is primarily incurred for the 2015 year end.

**SUMMARY OF QUARTERLY RESULTS**

The following table sets out selected unaudited financial information of the Company and is derived from unaudited condensed interim financial statements prepared by management. The condensed interim financial statements are prepared in conformity with IFRS and are expressed in Canadian dollars.

Fiscal Period	Revenues	Net Income (Loss)	Net Income (Loss) Per Share (Basic and Diluted)
	\$	\$	\$
2016 Q4	-	(7,239)	(7,239)
2016 Q3	-	(3,000)	(3,000)
2016 Q2	-	(3,000)	(3,000)
2016 Q1	-	(1,500)	(1,500)
2015 Q4	-	(7,001)	(7,001)
2015 Q3	-	(1,000)	(1,000)
2015 Q2	-	-	-

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2015 Q1	-	-	-
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During the fourth quarter of fiscal 2016 the company accrued audit fees in addition to consulting fees resulting in a net loss of \$7,239.

During the third quarter of fiscal 2016 the company recorded consulting fees resulting in a net loss of \$3,000.

During the second quarter of fiscal 2016 the company recorded consulting fees resulting in a net loss of \$3,000.

During the first quarter of fiscal 2016 the company recorded consulting fees resulting in a net loss of \$1,500.

During the fourth quarter of fiscal 2015 the company recorded professional fees, accrued audit fees resulting in a net loss of \$7,001.

During the third quarter of fiscal 2015 the company recorded consulting fees from its original parent company resulting in a net loss of \$1,000.

During the second quarter of fiscal 2015 the company had no transactions as the Company had not commenced operations.

During the first quarter of fiscal 2015 the company was incorporated on May 9, 2014 and had no transactions as the Company had not commenced operations.

The Company's results over the past eight quarters reflect the fact that the company has not commenced any significant business operations. As a result the company only has relatively small intermittent administrative and consulting expenses to maintain the company and to explore business opportunities for the company to pursue. The Company will continue to incur losses until such time that the Company's revenue increases to an amount where revenue exceeds expenses.

## **RESULTS OF OPERATIONS**

The Company incurred a net \$14,739 net Loss as the Company had not commenced any significant operations yet and has only small intermittent administrative and consulting expenses to date.

### **Management of Industry and Financial Risk**

The Company may be 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.

The Company's financial instruments are exposed to certain financial risks, which include the following:

#### ***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.

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***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.

**TRANSACTIONS WITH RELATED PARTIES**

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:

	<b>2016</b>	<b>2015</b>
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).

**OFF BALANCE SHEET TRANSACTIONS**

The Company has not entered into any significant off-balance sheet arrangements or commitments.

**SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES**

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,

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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.

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

#### **c. Financial Instruments – (Continued)**

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.

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*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.

c. Financial Instruments – (Continued)

*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.

*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.

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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.

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.



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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.

i. Future Changes in Accounting Policies – (Continued)

*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.

*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

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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.

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.

**PROPOSED TRANSACTIONS**

There are no proposed transactions as at date of this document.

**RISK AND UNCERTAINTIES**

The Company is in the corporate consulting business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

**Conflicts of Interest**

Certain directors of the Company also serve as directors and/or officers of other companies involved in other business Ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

**Negative Operating Cash Flows**

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

**Risks Related as a Going Concern**

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

**Reliance on Key Personnel and Advisors**

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

**MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

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**OTHER INFORMATION**

Additional information on the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

**Corporate Information**

Head Office:	605-815 Hornby Street Vancouver, BC V6X 2E6 Canada
Directors:	Ron Ozols
Officers:	Ron Ozols, CEO, CFO
Auditor:	Cinnamon Jang Willoughby
Legal Counsel:	Brendan Purdy