MemReg

d/b/a ORhub

QUARTERLY FINANCIAL STATEMENTS
-UNAUDITED-

September 30, 2016

Chief Financial Officer Certification

I, Lanny R. Lang, certify that:

I have reviewed MemReg, Inc.'s unaudited financial statements as of September 30, 2016 and for the three months ending September 30, 2016. Based on my knowledge, the unaudited financial statements, and other financial information included herein, fairly present in all material respects the financial condition, results of operations and cash flows of MemReg, Inc. as of and for the periods presented.

\/s\/ Lanny R. Lang	November 19, 2016
Lanny R. Lang	Date
Chief Financial Officer	

MEMREG, INC.
BALANCE SHEETS
(unaudited)

	September 30, 2016	June 30, 2016
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 238,462	$ 192
Employee travel advances	3,000	-
Deposits, prepaid expenses and other current assets	27,934	5,814
Total current assets	269,396	6,006
PROPERTY AND EQUIPMENT, net of accumulated depreciation of $2,640 and $1,391, respectively	14,587	9,044
OTHER ASSETS	-	-
	$ 283,983	$ 15,050
LIABILITIES AND STOCKHOLDERS' DEFICIT		
CURRENT LIABILITIES:		
Accounts payable	$ 42,177	$ 70,130
Accounts payable to related parties	130,727	42,551
Accrued salaries and payroll taxes	-	26,016
Accrued liabilities	41,630	58,516
Loans due to related parties	18,175	60,480
Total current liabilities	232,709	257,693
LONG-TERM LIABILITIES:		
Note payable due to related parties	350,000	350,000
Total long-term liabilities	350,000	350,000
Total liabilities	582,709	607,693
STOCKHOLDER'S DEFICIT:		
Preferred stock - undesignated, $0.001 par value; 6,765,500 shares authorized	-	-
Preferred stock - Series A, $0.001 par value; 1,197,002 shares authorized; no shares issued and outstanding	-	-
Common stock, $0.001 par value; 190,000,000 shares authorized, 119,279,786 and 116,698,608 issued and outstanding, respectively	119,280	116,699
Additional paid-in capital	1,062,637	222,754
Accumulated deficit	(1,480,643)	(932,096)
Total stockholders' deficit	(298,726)	(592,643)
	$ 283,983	$ 15,050

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
STATEMENTS OF OPERATIONS
(unaudited)

	For the three months ended September 30, 2016
OPERATING EXPENSES	
Software development	$ 242,797
Selling and marketing	54,129
General and administrative	192,483
Legal and professional fees	42,764
Depreciation and amortization	1,249
Total operating expenses	533,422
OTHER INCOME/(EXPENSE):	
Interest expense	(15,125)
Total other income	(15,125)
NET INCOME / (LOSS)	$ (548,547)
BASIC AND DILUTED NET INCOME (LOSS) PER SHARE	$ 0.00
BASIC AND DILUTED WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	117,666,134

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
STATEMENTS OF CASH FLOWS
(unaudited)

		For the three months ended September 30, 2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$	(548,547)
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation and amortization		1,249
Changes in operating assets and liabilities:		
Employee travel advances		(3,000)
Deposits, prepaid expenses and other current assets		(23,689)
Accounts payable		(27,954)
Accounts payable to related parties		88,177
Accrued salaries and payroll taxes		(26,016)
Accrued liabilities		(16,886)
Loans due to related parties		(42,305)
Net cash used in operating activities		(598,971)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment		(6,792)
Net cash used in investing activities		(6,792)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Common stock issued under private investment		161,569
Common stock issued upon the exercise of Warrants		682,464
Net cash provided by financing activities		844,033
NET CHANGE IN CASH		238,270
CASH AT BEGINNING OF PERIOD		192
CASH AT END OF PERIOD	$	238,462
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for:		
Interest	$	15,125
Income taxes	$	-

The accompanying notes are an integral part of these unaudited financial statements

MEMREG, INC.
NOTES TO THE FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - NATURE OF OPERATIONS AND BASIS OF PRESENTATION

On June 30, 2016, pursuant to an Asset Purchase Agreement ("*APA*"), MemReg, Inc. (the "*Company*") acquired all the assets and assumed certain liabilities of ORhub, LLC ("*ORhub*") including its name, business, technology, website and patents. Immediately subsequent to the closing of the APA, the Company consummated a tax free split-off ("*Split-off*") of MRC to 22 common and preferred stockholders.

With the acquisition of ORhub and the Split-off of MRC, the Company is now continuing to develop the ORhub System. Initially conceived in 2012, ORhub has developed a proprietary cloud-based application that it believes significantly improves the productivity and accountability of implant based orthopedic and cardiac operations. ORhub's software is 100% cloud-based and will be sold on a subscription basis. ORhub believes that its software's cost will be more than justified by accelerating billing and inventory control. Therefore, users get all the benefit of the productivity and information gains for free. ORhub plans to provide a uniform interface platform for surgery which leverages the power of process and data analytics, providing hospitals and medical device vendors with modeling and predictive analytics that will transform their surgery business and lower the cost of care. In October 2016, the Company's production software was released as a production version and put into daily use at a major regional California based hospital.

Basis of Presentation

The unaudited interim financial statements contained in this quarterly report have been prepared in accordance with accounting principles generally accepted in the United States of America ("*U.S. GAAP*") and the rules of the Securities and Exchange Commission ("*SEC*") for interim financial information and do not include all the information or disclosures required by U.S. GAAP for annual financial statements. Accordingly, these unaudited interim financial statements should be read in conjunction with the financial statements and notes thereto contained in the Company's financial report as of and for the year ended June 30, 2016, as filed on July 20, 2016. In the opinion of management, all adjustments, consisting of normal recurring adjustments, necessary for a fair presentation of financial position and the results of operations for the interim periods presented have been reflected herein. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year, or any other period.

NOTE 2 – GOING CONCERN AND MANAGEMENT'S PLANS

The unaudited interim financial statements contained in this quarterly report have been prepared assuming that the Company will continue as a going concern. The Company recorded a net loss of $548,547 for the three months ended September 30, 2016 and has an accumulated deficit of $298,726. Presently, the Company does not have sufficient cash resources to meet its plans in the twelve months following September 30, 2016. These factors raise substantial doubt about the

Company's ability to continue as a going concern. The Company has financed its activities from loans and the sale of equity securities. The Company intends on financing its future development activities and its working capital needs from the sale of additional equity securities until such time that funds provided by operations are sufficient to fund working capital requirements. There are no assurances that the Company will be able to achieve further sales of its common stock or any other form of additional financing. The unaudited interim financial statements contained in this quarterly report do not include any adjustments that may be necessary should the Company be unable to continue as a going concern. The Company's continuation as a going concern is dependent upon its ability to obtain additional financing as may be required and ultimately to attain profitability.

NOTE 3 – PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

	September 30, 2016	June 30, 2016
Computer equipment	$ 17,227	$ 10,435
Less: accumulated depreciation	(2,640)	(1,391)
	$ 14,587	$ 9,044

Depreciation expense is computed on the basis of three to five year useful lives for all property and equipment. Depreciation expense totaled $1,249 for the three months ended September 30, 2016.

NOTE 4 – PATENT AND INTELLECTUAL PROPERTY

Christopher Wiggins and Dr. William Dobkin, founders of ORhub, LLC (the "*ORhub Founders*") and members of the Company's Technical Advisory Board, applied for patents related to the ORhub System in 2011 and again in 2015. These patents were assigned to ORhub and subsequently assigned to the Company under the terms of the APA. These patents are both pending. The initial patent claims have been rejected by the Patent Office and the Company is in the process of filing amended claims. Since the Patents have not been awarded, costs of pursuing the patents are expensed as incurred.

NOTE 5 – ACCRUED LIABILITIES

The accrued liability is payable to Mack Consulting Inc. ("*MCI*"). In 2011, the ORhub Founders contracted with MCI and other parties to develop a software product to capture medical data. By 2014, all agreements with MCI and the other parties were terminated. To resolve any potential outstanding claims, the ORhub Founders personally agreed to pay MCI $202,016 and MCI and all the other parties released all their claims and entered into a non-compete agreements expiring in November 2019. Prior to the formation of ORhub in November 2015, the ORhub Founders personally paid MCI $131,000. The ORhub Founders contributed this release, along with the pending patents and other benefits to ORhub upon inception for the assumption of the remaining MCI liability of $71,016.

In April 2016, one of the ORhub Founders personally paid MCI $12,500 which recorded as contributed capital by ORhub. In July 2016, the Company and MCI agreed to monthly payments of $6,000 from July to December 2016 then the balance in a balloon payment on December 31, 2016. During the three months ended September 30, 2016, the Company paid $18,000. As of September 30, 2016, MCI is owed $40,516.

NOTE 6 – LOANS DUE TO RELATED PARTIES

Loans due to related parties consisted of the following:

	September 30, 2016	June 30, 2016
Castillo Misterio, LLC (beneficially owned by Colton Melby)	$ 500	$ 32,400
JAATRL, LLC (beneficially owned by Williams Dobkin)	12,325	12,325
Wylde, LLC (beneficially owned by Christopher Wiggins)	5,350	15,755
	$ 18,175	$ 60,480

These loans due to related parties consist of loans by a member and the Founders of ORhub, LLC and assumed by the Company under the APA. During the three months ended September 30, 2016, the loan from Castillo Misterio, LLC, beneficially owned by Colton Melby, the Company's Chief Executive Officer, was paid back in full along with interest of $2,000. All loans due to these related parties are unsecured and do not bear interest or have a maturity date.

NOTE 7 – LONG-TERM NOTES PAYABLE TO RELATED PARTIES

Long-term notes payable due to related party in the amount of $350,000 is the remaining note payable liability of the Company due to Aztoré Capital Corp. ("*ACC*") after the Split-off of MRC. Michael S Williams, the EVP and a director of the Company and Lanny R. Lang, the Chief Financial Officer of the Company, are officers and directors of ACC. The notes are unsecured and accrue interest at 15% per annum, with interest payable quarterly. During the three months ended September 30, 2016, the Company recorded $13,125 of interest which was paid on September 30, 2016. The maturity of these notes is July 1, 2019. Subsequent to September 30, 2016, the Company made a principal payment of $20,000 on this note.

NOTE 8 – STOCKHOLDERS' EQUITY

Common stock

The Company's authorized capital consisted of 190,000,000 shares of common stock, $.001 par value. During the three months ended September 30, 2016 the Company sold 538,563 shares of common stock in a private transaction with an unaffiliate party for $161,569, and issued 2,042,615 shares of common stock upon the exercise of common stock purchase warrants (see

Note 10). As of September 30, 2016, the Company has 119,279,786 shares of common stock outstanding. In addition, a total of 64,209,712 shares of common stock have been reserved for conversion of the Company's Series A Preferred stock, the Company's stock option plan (see Note 9) and the exercise of common stock purchase warrants (see Note 10). The adequacy of this reserve is reviewed and adjusted as necessary quarterly.

Preferred stock

The Company's authorized capital also originally provided for 10,000,000 shares of undesignated preferred stock. The board of directors of the Company, in its sole discretion, may establish par value, divide the shares of preferred stock into series, and fix and determine the dividend rate, designations, preferences, privileges, and ratify the powers, if any, and determine the restrictions and qualifications of any series of preferred stock as established. As of September 30, 2016, the Company has 6,765,500 shares of undesignated preferred stock authorized, due to the prior exercise of Series A, B and C Preferred stock. The Series B and C Preferred stock have been withdrawn. As of September 30, 2016, 1,197,002 shares of Series A Preferred stock is authorized and unissued. The Company has no intention to issue any Series A Preferred stock and expects to withdraw this designation.

NOTE 9 – STOCK OPTION PLAN

On June 29, 2016, the Company's stockholders approved a new equity incentive plan ("*2016 EIP*") for employees, non-employee directors and other service providers covering 10,000,000 shares of common stock. As of June 30, 2016, no options were outstanding.

Any options to be granted under the 2016 EIP may be either "incentive stock options," as defined in Section 422A of the Internal Revenue Code, or "nonqualified stock options," subject to Section 83 of the Internal Revenue Code, at the discretion of the board of directors of the Company and as reflected in the terms of the written option agreement. The option price shall not be less than 100% of the fair market value of the optioned common stock on the date the option is granted. The option price shall not be less than 110% of the fair market value of the optioned common stock for an optionee holding at the time of grant, more than 10% of the total combined voting power of all classes of stock of the Company. Options become exercisable based on the discretion of the board of directors of the Company and must be exercised within ten years from the date of grant (five years from date of grant for major holders.)

A summary of stock option activity for the three months ended September 30, 2016 is as follows:

	Number	Weighted Average Exercise price
Options outstanding June 30, 2016	-	
Granted	8,050,000	$.31
Exercised	-	
Forfeited	-	
Options outstanding September 30, 2016	8,050,000	$ .31
Options available for grant as of September 30, 2016	1,950,000	

Options exercisable as of September 30, 2016	-	$.-

No outstanding options are vested as of September 30, 2016.

NOTE 10 – COMMON STOCK PURCHASE WARRANTS

The Company has five series of common stock purchase warrants outstanding allowing holders to purchase additional shares of common stock (the "*Plan Warrants*"). Each Plan Warrant provides for the purchase of one share of common stock and is callable at any time by the Company for a price of $.0001 per warrant. The Plan Warrants are governed by a Warrant Agreement. Currently, the Company is acting as the Warrant Agent but has the right to appoint an alternative Warrant Agent in accordance with the Warrant Agreement. The Board of Directors can extend the expiration date of the Plan Warrants or reduce the exercise price of any Plan Warrant on a temporary or permanent basis.

Pursuant to the Warrant Agreement, without Company approval, a holder may not exercise Plan Warrants which when combined with current beneficial ownership would increase such holder's ownership in the Company above 5%. On August 1, 2016, in response to a request, the Company waived the 5% ownership restriction for six large shareholders who owned greater than 5% of the Company in exchange for undertakings regarding current information to meet the Company's disclosure requirements.

A summary of the Plan Warrants outstanding as of September 30, 2016 is as follows:

	Series B Warrants	Series C & D Warrants	Series E & F Warrants
Warrants outstanding, June 30, 2016	8,293,025	16,846,982	16,846,982
Exercised	424,549	809,034	809,032
Expired	-	-	-
Warrants outstanding, September 30, 2016	7,868,476	16,037,948	16,037,950
Exercise price (1)	$ .3333	$ .3333	$ .3333
Expiration date	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016

(1) On July 8, 2016, the board of directors approved reducing the exercise price of all Plan Warrants to $.3333 (the "*Special Exercise Price*") which expired on October 6, 2016, but was extended for only the Series B Plan Warrants (see Note 13). The remainder of the unexercised Plan Warrants reverted to their original exercise prices of $3.00 (the Series C & D Plan Warrants) and $4.00 (the Series C & D Plan Warrants).

NOTE 11 – RELATED PARTIES

Colton Melby

On August 1, 2016, Mr. Melby, the Company's Chairman of the Board and CEO, contracted with the Company for a salary of $1,000 per month plus executive level health insurance benefits. This compensation was retroactive to July 1, 2016. Mr. Melby was also granted 1,500,000 Employee Stock Options at $.33. These options vest equally over the calendar years 2016 through 2021 with customary acceleration upon sale. Mr. Melby through Castillo de Coachella, LLC beneficially owns 13.9 % of the Company's common stock. On August 1, 2016, the Company contracted with Castillo Misterio, LLC ("*CML*") to supply management services at a rate of $350,000 per annum. CML is beneficially owned by Mr. Melby. This Agreement was retroactive to July 1, 2016.

Aztoré Capital Corporation

ACC is a Phoenix, Arizona-based investment company. ACC holds various interests in companies and provides corporate restructuring and consulting services. Michael S Williams, the EVP and a director of the Company, and Lanny R. Lang, the Chief Financial Officer of the Company, are officers and directors of ACC. Mr. Williams owns 110,103 shares of the Company's common stock and Mr. Lang owns 470,102 shares of the Company's common stock. ACC, Williams and Lang, and their affiliates own approximately 9.4% of the Company as of June 30, 2016. Effective July 1, 2016, the Company contracted with ACC to provide Messrs. Williams and Lang as full-time Company employees for $29,167 per month, paid to ACC. On August 1, 2016 Messrs. Williams and Lang were also each awarded 500,000 stock options at a $.30 per share exercise price. In addition, the Company reimburses ACC $500 monthly for its office facility. As discussed in Note 7, ACC is also owed a promissory note of $350,000. Subsequent to September 30, 2016, the Company made a principal payment of $20,000 on this note.

Corey Lambrecht

Mr. Corey Lambrecht serves as an independent director of the Company. Mr. Lambrecht owns 350,000 shares of common stock. On August 1, 2016, Mr. Lambrecht was granted 200,000 non-statutory stock options at $.30 per share exercise price for his service during the fiscal year. These options vest 50% on December 31, 2016 and the remainder on June 30, 2017.

Advisory Board (Christopher Wiggins, William Dobkin and Richard Lee)

Messrs. Christopher Wiggins, William Dobkin and Richard Lee are the founders of ORhub and members of the Company's Surgical, Business and Technical Advisory Board (the "*Advisory Board.*") Mr. Wiggins and Dr. Dobkin have loaned money to the Company through their personal entities; Wylde, LLC and JAATRL, LLC, respectively (see Note 6). Mr. Wiggins, Dr. Dobkin and Dr. Lee own 18.3%, 20.9% and 12.7%, respectively, of the Company as of September 30, 2016. On August 1, 2016, each member of the Advisory Board was granted 100,000 non-statutory options, exercisable at a $.33 per share exercise price for their service during the fiscal year. These options vest 50% on December 31, 2016 and the remainder on June 30, 2017.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Lease Commitments

The Company leases space for its Seattle area development group in an executive suite. The Company has committed to increase its space in the second fiscal quarter to 445 square feet and on January 1, 2017 to 873 square feet. The Company's lease liability for the remainder of the fiscal year ending June 30, 2017 is approximately $89,000 and for the fiscal year ending June 30, 2018 is approximately $146,100. This lease expires on July 31, 2018 and the Company is confident alternative or additional space will be available at competitive prices.

NOTE 13 – SUBSEQUENT EVENTS

As of November 19, 2016, the date of these financial statements, there are no subsequent events that are required to be recorded or disclosed in the accompanying financial statements as of and for the period ended September 30, 2016 other than those listed below:

Material Agreement

On October 1, 2016, the Company entered into a Consulting Agreement with Optimum Holdings, LLC to implement a comprehensive plan to increase and develop the awareness of the Company's public market exposure. The term of the agreement is for three months and provides for a cash payment of $10,000 per month and the issuance of 150,000 shares of the Company's common stock, fully earned upon the execution of the agreement.

Production version of ORhub software released

In October 2016, the Company's production software was released as a production version and put into daily use at a major regional California based hospital.

Extension of the Series B Plan Warrant Special Exercise Price

On October 6, 2016, the Special Exercise Price was extended on the Series B Plan Warrants until December 5, 2016. As of that date, unless the Board of Directors takes further action, the Series B Plan Warrants will revert to their original exercise price of $2.00.

Additional Plan Warrant Exercises

Subsequent to September 30, 2016 through November 19, 2016, the date of these financial statements, the Company received $528,098 in proceeds from the exercise of Plan Warrants, as shown in the following table.

	Series B Warrants	Series C & D Warrants	Series E & F Warrants
Warrants outstanding, September 30, 2016	7,868,476	16,037,948	16,037,950
Exercised at the Special Ex Price **(**)**	520,711	524,340	524,340
Expired	-	-	-
Warrants outstanding, November 19, 2016	7,347,765	15,513,608	15,513,610

(**) Only Series B Plan Warrants were exercised after October 6, 2016

Common Stock

As of November 19, 2016, the date of these financial statements, with the exercise of the additional Plan Warrants, the Company has 120,864,239 shares of common stock outstanding. In addition, a total of 55,740,261 shares of common stock have been reserved for conversion of the Company’s Series A Preferred stock, the Company’s stock option plan and the exercise of common stock purchase warrants.