



Discussion Document for:

**Adam Desmond
Board Director
Alternate Health Corp.**

Company Summary & Information

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▶ Growth, Synergy, and M&A

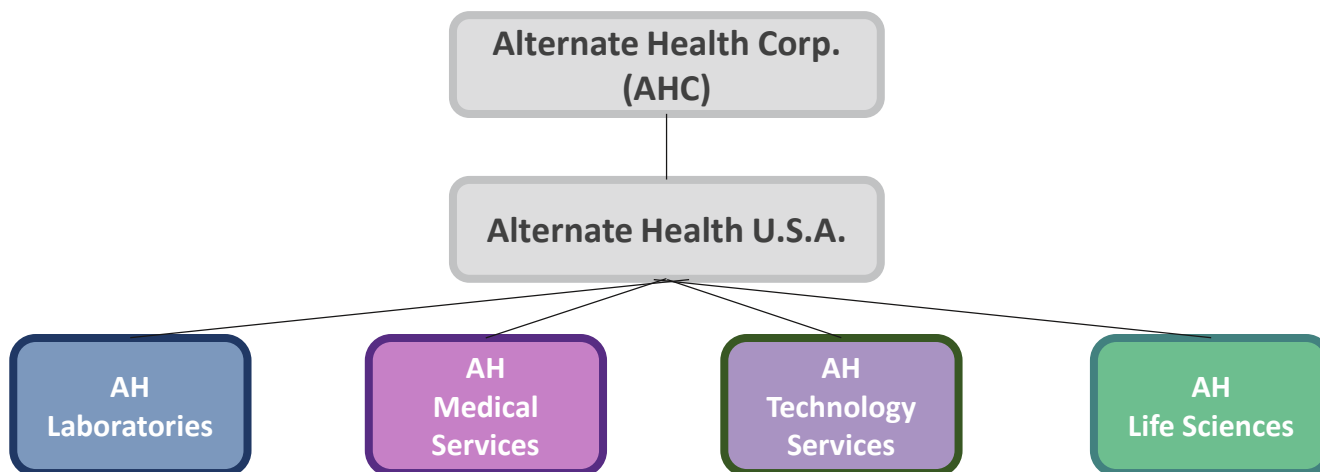
▶ Financial Summary

Alternate Health Today

Alternate Health Corp. (AHC) is a diversified healthcare investment and holding company headquartered in Dallas, Texas with operations in Canada and the United States and publicly-traded on the Canadian Securities Exchange under the symbol *AHG* (<http://thecse.com/en/listings/life-sciences/alternate-health-corp>).

The company was founded on the belief that innovation, research and technology combined with medical services provide both sustainable economic returns and meaningful contributions to the healthcare industry with an emphasis on improving health outcomes and quality of life.

Alternate Health is dedicated to the creation of long-term enterprise value through continued innovation and execution of the company's industry-leading strategic plans. With a commitment to strategic growth through a value-driven approach, AHC is focused on four verticals: 1) laboratory services, 2) medical services, 3) technology services, and 4) medical cannabis.



Our Companies & Assets

Alternate Health offers investors a diversified portfolio of healthcare holdings and is currently building integrated strategies for each business unit. **The goal of Alternate Health is to become a leader in the traditional medical field as well as medical cannabis industry by combining new business execution methods (toxicology lab), innovation (medical research & patents), technology (proprietary software) and integration (software platform) within the company's network of companies, patients, doctors and healthcare to capture and control a larger portion of the patient-provider value chain.**

The company is well-positioned for future growth with a solid foundation of operating businesses combined with other complementary healthcare-related assets. Currently, the primary business of Alternate Health includes:

- Alternate Health Labs, a fully operational toxicology lab in San Antonio, Texas
- Industry-leading research in medical cannabis/CBD treatment applications
- VIP Software, a proprietary medical practice management software system
- CanaCard, a proprietary controlled substance management software system
- Medical Cannabis Manufacturing Center, a CBD/THC research, testing & extraction facility
- Continuing Medical Education, an AMA-approved program on CBC/THC medical uses & benefits
- Patents, as a holder of several patents in the research, testing & delivery of medical cannabis

Click on the link below to learn more about Alternate Health and our companies:

<https://vimeo.com/177328744>

Alternate Health Tomorrow

Alternate Health will expand the company's network with continued organic growth, product & strategy innovation, dedicated operational execution, and strategic investments & acquisitions:

- Continue to invest and grow AH Labs with an emphasis on compliance, increased capacity, addition of new service lines, while being positioned to take advantage of the disruption in the industry.
- Continue our leadership position in the research, product development and education within the high-growth medical cannabis/CBD industry.
- Continue to build the Alternate Health Technology platform through acquisitions and internal development.
- Continue to develop our distribution strategies for our core technologies, patents, products and other ancillary revenue opportunities.
- Continue to diversify our company and asset holdings with a focus on revenue, earning and long-term shareholder value.
- Continue to assemble our industry-leading executive team with a dedication to ethics, dedication and a commitment to our shareholders and corporate strategies.
- Continue to expand the network of Alternate Health through the distribution and expansion of our core business units and technologies.
- Continue to integrate and expand our core business units and technologies to solidify our leadership position as a dynamic and innovative healthcare company that will deliver advances in the industry that ultimately improve patient outcomes, while providing our proprietary network access to the Alternate Value Chain.

Our Stock Profile

- With a market valuation over \$220 million as of February 15, 2017, Alternate Health Corp. commenced trading on the Canadian Securities Exchange under the symbol of “**AHG**” on January 24th, 2017. A copy of the Prospectus is available on SEDAR under the Company’s profile at www.sedar.com. The chart below highlights the AHG stock.



Corporate Information

Canadian Origin

Stock Exchange: CSE

CSE Symbol: AHG

Headquarters: Dallas, TX

Market Cap (CAD): \$222M

Share Price: \$5.25 (at 2/17/17)

- Alternate Health offers investors a diversified portfolio of healthcare holdings and is currently building integrated strategies for each business. By integrating each of our holdings in to a proprietary technology platform, AHC drives value through those linkages in the form of overlapping sales channels, integrated products, economies of scale, and comprehensive data capture on physician quality of life and patient outcomes

Our Board of Directors

AHC's board of directors and management team has over 170 years of combined experience in launching and managing businesses across diversified industries with a strong track record of creating long-term value. Our team was selected to deliver a broad range of talents and capabilities with a dedication to execution, ethics, compliance and creation of sustainable, long-term economic value.

Name	Position	Experience
Bryan Korba	Chairman & CEO	<ul style="list-style-type: none">Over 20 years experience as a leader, entrepreneur, executive, consultant, private equity investor, and investment sponsor.
Dr. Jamison Feramisco	Director	<ul style="list-style-type: none">MD, PhD trained under Nobel Laureates with extensive history of success in founding, funding, and growing numerous healthcare service and technology companies.President of Apri Health, CMO of Third Eye Health, a technology-enabled medical services company, and Advanced Healthcare Solutions, a nursing home chain.
Jim Griffiths	Director	<ul style="list-style-type: none">Over 30 years of experience in the real estate development/financing industries; responsible for over \$2 billion worth of transactions over careerFormerly the CFO of Alternate Health Corp.Formerly Board of Trustees member for the Center for Addiction and Mental Health in Toronto.
James E. Tykoliz	Director	<ul style="list-style-type: none">Over 25 years of experience in the development & implementation of data-driven initiatives.Diverse experience working with startups, Fortune 500 companies, and venture capital funds.
Adam Desmond	Director	<ul style="list-style-type: none">Founder & Managing Principal of ASG Securities, an investment bankRaised more than \$2.5 billion in equity since 2007.

Our Management Team

AHC's board of directors and management team has over 170 years of combined experience in founding, building, acquiring, capitalizing and providing executive leadership growing companies in diverse industries as well as healthcare

Name	Position	Experience
Bryan Korba	Chairman & Chief Executive Officer	<ul style="list-style-type: none">• Over 20 years experience as a leader, entrepreneur, executive, consultant, private equity investor, and investment sponsor.• Co-founded & Managing Partner of JDFIU Capital, providing executive leadership to portfolio companies for JDFIU as well as the Korba Family Office.• Previously served on the boards of 36 Power Equity, Luxe Home, Dallas Challenge and the UNT Venture Fund.
Michael English	Chief Financial Officer	<ul style="list-style-type: none">• Over 30 years of experience working in diverse industries including data security and encryption software, telecommunications, and electric motors and controls.• Spent 10 years as CFO of a leading software as a service (SAAS) public company.
Thomas Bartlett	Chief Operating Officer	<ul style="list-style-type: none">• Over 30 years of experience in private equity, investment banking, corporate advisory, and operating experience with middle market companies.• President & CFO of insurance services company CIS Group; Involved in all aspects of the executive management.
Marisa Tricarico	Corporate Development & Strategy	<ul style="list-style-type: none">• 12 years of experience in healthcare consulting, venture capital, and hedge fund investing.• Experience assessing cutting-edge healthcare technology for venture funds, hedge funds, and strategic evaluations.

Our Current Success

- On January 19, 2017, the company announced the closing of a pre-listing private placement through Mackie Research for gross proceeds of \$4,371,530.50 at \$1.50 per common share. The offering was over-subscribed by \$371,530.50, for the total issuance of 2,914,354 common shares. (All dollar amounts are presented as Canadian dollars except the pro-forma and unless otherwise noted.)
- On January 20, 2017, the company announced a non-brokered private placement of up to 3,000,000 common shares at a price of \$3.25 per common share for aggregate gross proceeds of up to \$9,750,000. AHG feels confident the current working capital, combined with the new private placement offering, will provide the company with adequate capital to execute the strategic plans of the company. The company will continue to raise capital as needed and approved by the board of directors.
- Recent Press Releases (click on the link to view the full press release):
 - [AHG announces Medical Cannabis Education Program](#)
 - [AHG announces Cannabis Production Partnership with Alturas Native Band](#)
 - [AHG announces CBD Patented Delivery System and First Day of Trading](#)
 - [AHG Announces Consulting and Joint Venture Agreement](#)
 - [Private Placement Announcement Offering](#)
 - [Private Placement Closed and CSE Listing](#)
 - [Alternate Health Corp. Closes Three Key Agreements](#)
 - [Receipt for Prospectus & Conditional Approval to List Shares on CSE](#)

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Our Lab Business

- Alternate Health Laboratories (AHL), our reference lab based in San Antonio, TX, is currently our largest operation and achieves outstanding results through a compliance-driven approach to our hospital-laboratory partnership model.
- AHL inception in mid-2016 with Dr. Michael Murphy, an industry veteran and renowned leader in the laboratory business.
- Built proprietary relationships to mitigate risk.
- Long term, AHL plans to develop its ecosystem via expansion of its distribution and hospital partners.



Click the link below to see our lab:
<https://vimeo.com/203961870>

Performance Summary

High growth in sample volume within first 7 months of inception

- Over \$6 million in revenue from mid 2016 to year end.
- Profitable and growing.
- Averaged 6,900 samples per month at year end 2016

Higher-than-average collection rates

- Under our operating model, AHL has a 75% collection rate vs. industry average of <50%

Plan execution in progress

- 8 Hospital partners

Our Lab Business Model

Achieve robust laboratory revenue while implementing strict compliance

Distribution Partners

Paradigm
Sample Aggregator

Hospitals Partners
Hospitals with Samples

Gibson Partners
Sample Aggregator

- Partners & distributors provide volume
- Paradigm Healthcare Solutions, LLC. agreement to send 150k reference samples/mo. over the next 12 months.
- Third party and private pay; currently no CMS payments.
- Multiple hospitals and distributors diversify risk.

Management Partners

Clover
Owner of Sun Lab

Sun Lab

- Sun Clinical Laboratory, LLC, owned by Clover, processes samples from partners.
- Agreement to send excess demand of 50k reference samples/mo. to AHL over the next 12 months.
- Flat fee for every sample sent to AHL.
- Flat fee per sample arrangement provides revenue independent of risk associated with collection.

Laboratories

AH Labs (AHL)

- AH Labs located in San Antonio, TX
- Current capacity: 70k samples/mo.
- Expansion capacity expected in the next year: up to 200k samples/mo.
- Cross-ownership positions result in higher-than-average total revenue per sample (~\$300) vs. industry standard (~\$125).

15% Revenue Share

20% Ownership by AHL

(~\$180 per sample)
(via total cross-ownership)

Samples & Flat Fee
(~\$120 per sample)

Our Lab Strategies

Risk Category	Description	Mitigation/Opportunity
Payers	Risk of termination of hospital contract.	<ul style="list-style-type: none"> • Increase number of hospital partners for AHL with our compliant business model.
Independent Labs	Risks associated with traditionally independent labs through excessive billing, low quality samples, high audit rates and low collection rates.	<ul style="list-style-type: none"> • Utilize hospital partner model. • Dedication to compliance. • Focus on quality partners & samples. • Continue to develop industry leading standard operating procedures.
Out-of-Network Contracts	Related risks of traditional independent model: arbitrary sample charges, difficulty collecting for out-of-state and out-of-network, and potential harm to reputation.	<ul style="list-style-type: none"> • Acquire hospital partners with strong in-network contracts. • Acquire hospital partners with transferable contracts. • Acquire in-network labs. • Maintain focus on strict compliance.
Volatility	Audit risk by payers, Pricing risk.	<ul style="list-style-type: none"> • Focus on sample quality. • Focus on billing integrity. • Focus on high quality distributor partners. • Continue building relationships with quality sample aggregators like Paradigm and others. • Expand capacity through lab acquisitions.

Our Thoughts About the Lab Business

- AHC believes the laboratory service industry offers the company an exceptional opportunity to use technology, data and patient volume to innovate solutions that will improve patient care and laboratory integrity while building long term and sustainable value for AHC.
- Current disruption is shaking out the market and will present AHC discounted acquisition opportunities.
 - Payers and providers are fleeing towards quality.
 - Corrective rate action by payers has caused marginal providers to fail and small but good operators to be distressed.
 - Greater concentration of sample volumes at the larger integrated labs like LabCorp and Quest.
- AHC believes it can create a lab testing enterprise that uses its agility, its innovation and its technology to drive shareholder value.
 - Team with an exceptional industry partner in Dr. Mike Murphy.
 - Captivate accountability, transparency, quality and economic incentives with proprietary distribution channels.
 - AHC's investment in and partnering with Clover and Paradigm.
 - AHC's partnerships with participating hospitals.
 - AHC's partnering with Sun Clinical Laboratory.
 - Create world-class administration and billing capabilities to improve payer confidence and experience.
 - AHC partnership with Dr. Murphy includes an administrative services agreement with Integrity Ancillary Management.
- Data analytics and information technology infrastructure creates opportunity to competitively differentiate, increase customer stickiness and drive product innovation.
 - AHC is in an LOI to acquire a high security cloud solutions company, and is in active discussions to license data analytics and mining applications from a leading provider.
 - AHC will utilize its VIP Services platform to bundle software solutions and lab services to hospitals and other providers.

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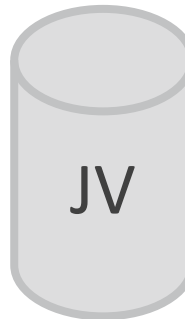
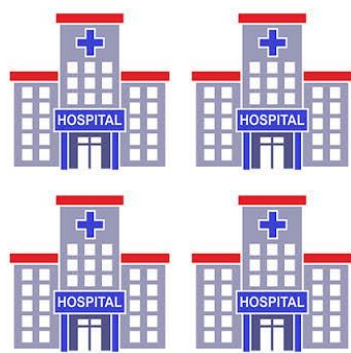
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Our Medical Services Business

- Alternate Health Medical Services will be launched in early 2017 to acquire and build a network of hospitals and clinics that will operate on the Alternate Health Technology Platform to integrate our other businesses and assets to create new distribution and opportunities for AHC, while improving the financial performance through leveraging the asset base of the company.
- With our ever-increasing footprint in clinical services, AHC's laboratory services and other portfolio companies serving the provider network will also expand.
- AHC is in discussions to acquire or invest in hospitals and medical clinics that will provide Alternate Health with a seasoned and talented management team in the operation & delivery of medical services to the Alternate network of stakeholders.
- AHC's strategic plan calls for the acquisition of traditional medical hospitals & clinics and employing disruptive business strategies & technologies to provide increased revenue generation for the hospitals and a network foundation for the company.
- With these potential investments or acquisitions, Alternate Health will be able to pioneer new and innovating strategies in the hospital & clinics to expand the footprint and distribution channel of Alternate Health and its complementary products and services.
- Long-term, our network effect among hospitals, labs, physicians, and patients will create a stable and predictable consumption of healthcare.

Our Medical Services JV Model

- A leading, \$200 million hospital group and Alternate Health have begun outlining plans for an innovative joint venture arrangement that provides AHC with an expert operating partner.
- Establishes a physical presence for Alternate Health Medical Services, arming AHC with:
 1. Sites to install proprietary technology system
 2. Physical platform for distribution
 3. Data for our analytics
 4. Presence with payers



alternate
— HEALTH —

Vision: Establish & Repeat

- Devotion of future funds: Plans to deploy \$100 million over next 2 years to the acquisition and build out of a physical presence in medical services.
- AHC to contribute capital, IP & technology while hospitals provide experienced management.

Our Thoughts About the Medical Business

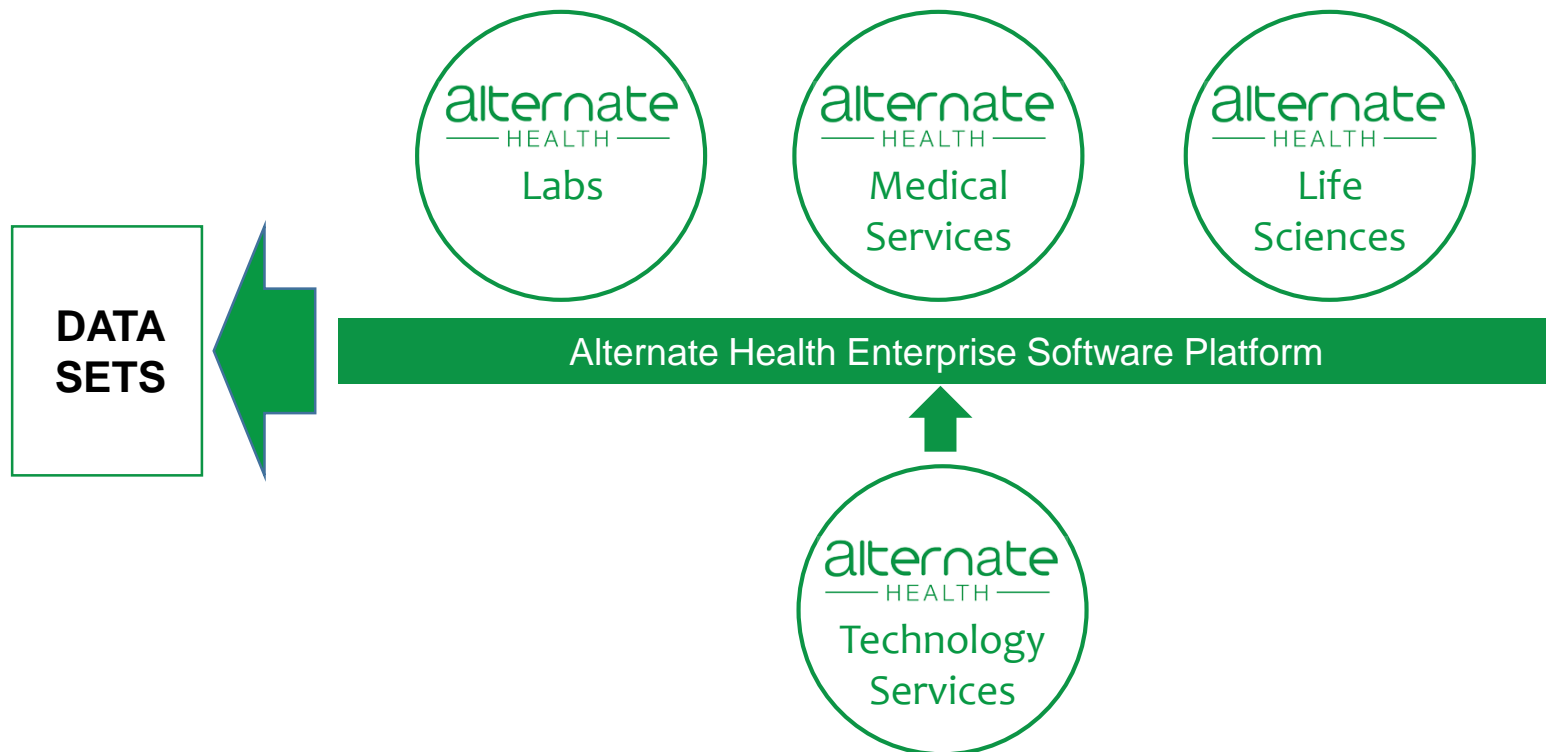
- Due to the changing reimbursement landscape, hospitals and medical service providers are facing increasing difficulty remaining profitable.
- AHC has the opportunity to install and manage the hospitals through our Alternate Health Software Platform and drive additional revenue through our related ancillary products and services.
- Laboratory operations, a traditionally under-utilized source of revenue potential for hospitals, have become an area of expertise for AHC management.
- Consistent with AHC's core mission to utilize technology and innovative new business models to drive organic growth, AHC has developed a template for helping hospitals achieve organic growth through in-house laboratory capabilities.
- AHC's model is expected to dramatically increase EBITDA for every hospital engaged with AHL.
- Upon increasing EBITDA, hospital's financial position becomes strengthened, posing an attractive and proprietary acquisition opportunity for AHC to consider.
 - Acquired hospitals become part of AH Medical Services.
- Pre-existing synergies with AHL due to laboratory operations, and additional synergies with technology group, when AHC moves newly-acquired hospital on to AHC's technology platform.

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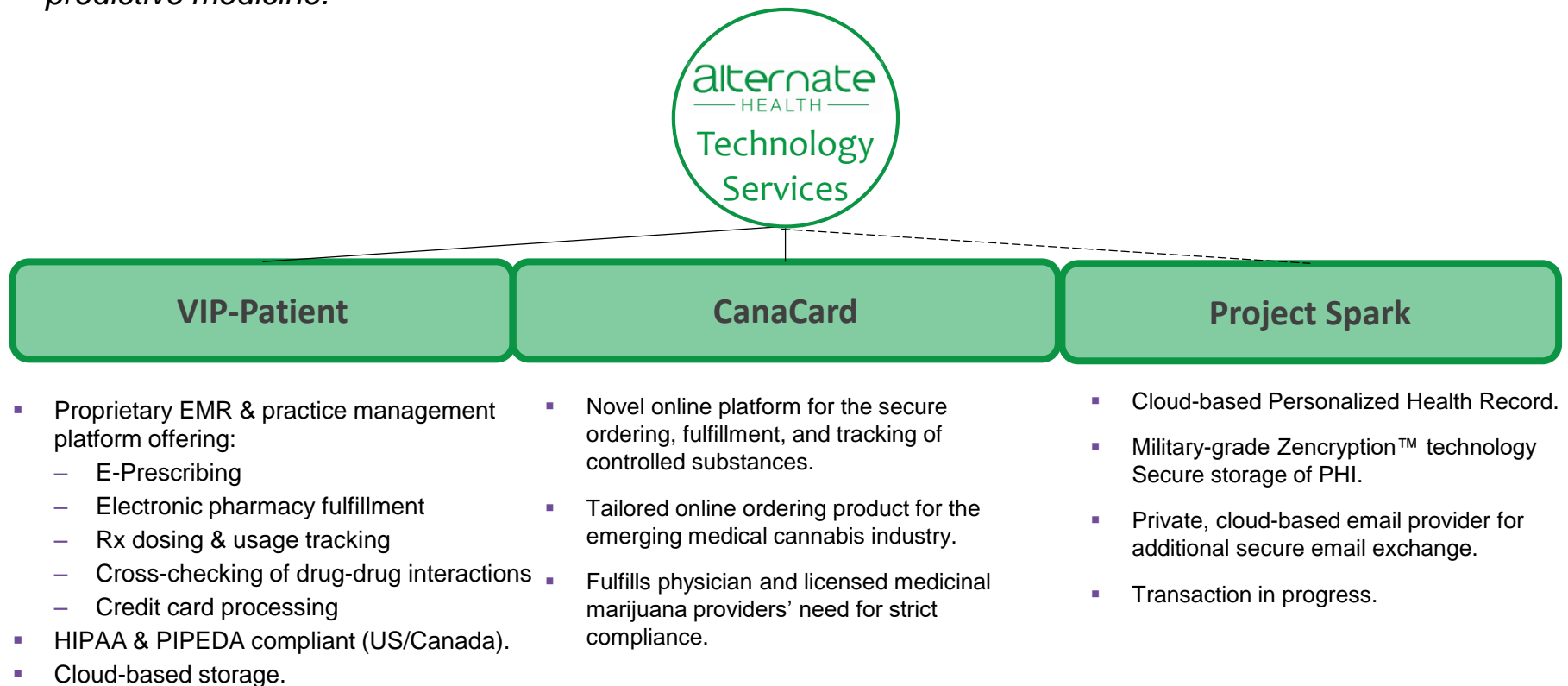
Our Technology Services Business

- The Technology Services group supports and develops AH's proprietary software platform with an emphasis on data security, broad feature & function sets and new revenue generating ancillary products & services.
- Technology group sources and tests products and services that will deliver added value, a proprietary data set, improve patient outcomes, and increase patient satisfaction.
- Platform will be the portal connectivity between AH's network of stakeholders.

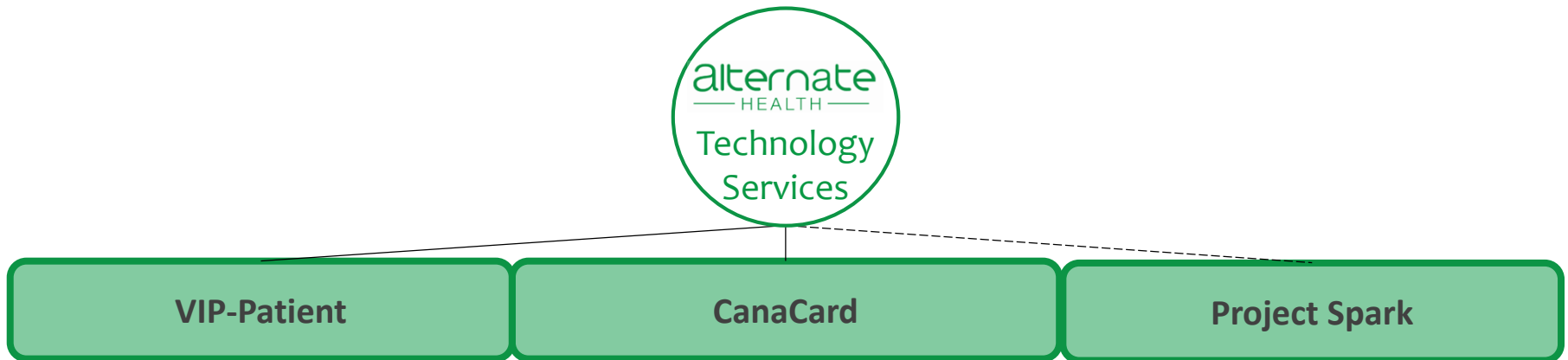


Our Technology Services Platform

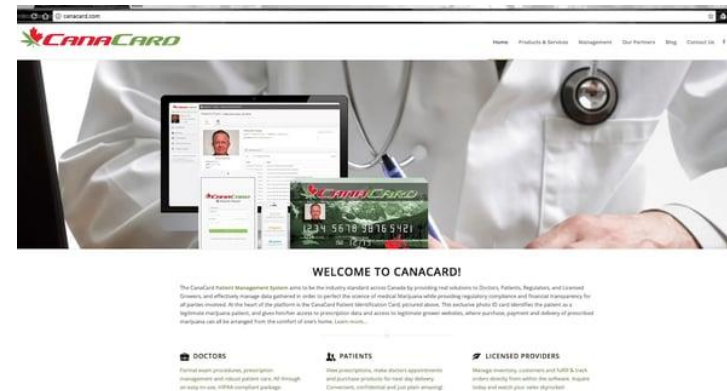
AH Technology Services is responsible for managing AHC's proprietary information technology platform, which serves to connect and serve our network of stakeholders: Physicians, Patients, Laboratories, and Health Systems. Utilizing our proprietary platform, AHC will be uniquely positioned to capture vast amounts of data for future data analytics and mining to further our leadership position in research and predictive medicine.



Our Technology Services Platform cont.



Click the link below to see VIP Patient:
<https://vimeo.com/194278746>



Click the link below to see Canacard:
<https://vimeo.com/195073988>

Our Technology Services Model

- By serving as an internal platform, AHC's technology systems will link its network of business and stakeholders, allowing the parent company to realize synergies and economies of scale.
- AHC will continue to explore distribution strategies to roll-out the AHC Platform to continue to expand the footprint of the AHC Network.
- AHC will continue to enhance the AHC Platform through internal development and strategic acquisitions.
- Additionally, AH Technology serves to:
 - Create an internal innovation ecosystem for Alternate Health Corp.
 - Validate new technology investments and bolt-on acquisition opportunities.
 - Create new applications for existing, in-house capabilities.
 - Incubate new products, ideas, and services.
 - Grow the number of external applications to increase the platform's value.

Impact for AHC Portfolio Companies

Group provides collective insights and technology support to benefit AHC portfolio management teams

- Inter-portfolio connectivity.
- Validation and testing of new technologies for portfolio management teams.
- Data security tools for AH Medical Services.
- Data security & compliance tools for AH Laboratory Services.
- Strict compliance mechanisms for all portfolio stakeholders.
- Enriched R&D operations for AH Life Sciences.

Our Thoughts About the Technology Business

- The healthcare sector is increasingly technology and data-driven.
- Due to the changing reimbursement landscape, hospitals and medical service providers are facing increasing difficulty remaining profitable.
- AHC has the opportunity to install and manage the hospitals through our Alternate Health Software Platform and drive additional revenue through our related ancillary products and services.
- AHC believe that proprietary platforms and applications can create significant value if used strategically and creatively.
- Because AHC believes technology platforms can create internal value, AHC has made the strategic decision to bundle it with other product offerings for stakeholders and partners; In doing so, AHC's network will become enriched, ultimately providing increased access to data, insights, and new opportunities.
- Laboratory operations, a traditionally under-utilized source of revenue potential for hospitals, have become an area of expertise for AHC management.
- Consistent with AHC's core mission to utilize technology and innovative new business models to drive organic growth, AHC has developed a template for helping hospitals achieve organic growth through in-house laboratory capabilities.
- AHC's model is expected to dramatically increase EBITDA for every hospital engaged with AHL.
- Upon increasing EBITDA, hospital's financial position becomes strengthened, posing an attractive and proprietary acquisition opportunity for AHC to consider.
- Pre-existing synergies with AHL due to laboratory operations, and additional synergies with technology group, when AHC moves newly-acquired hospital on to AHC's technology platform.

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Our Life Sciences Business

Alternate Health Life Sciences group has operations in the discovery, research, education and development, delivery, extraction, and processing of medical cannabis/CBDs. Company operations include:

- Owners & Exclusive patent holders in medical cannabis/CBD medication delivery systems, including transdermal patches and dissolvable sublingual tablets.
- Research & Development activities demonstrating health benefits and expanding additional uses for medical cannabis/CBDs.
- Other patents include medical cannabis/CBD efficiency testing, and future methods for the treatment of various illnesses and conditions.
- Development of proprietary formulations and mechanisms to support the delivery of medical cannabis/CBDs.
- Owner of first AMA-approved Continuing Medical Education series on medical cannabis/CBSs.



Click the link below to see AHC's
AMA approved CME series:
<https://vimeo.com/201571793>

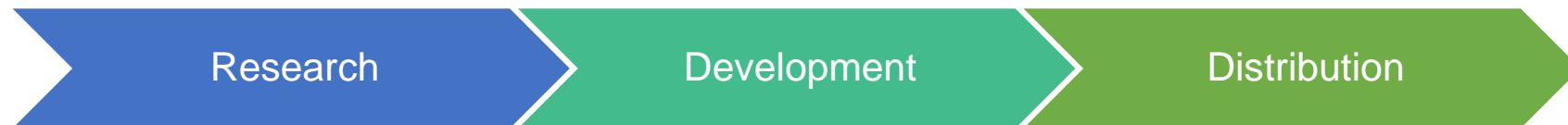


Click the link below to see AHC
patented delivery systems:
<https://vimeo.com/200925518>



Click the link below to Alturus production
and extraction facility:
<https://vimeo.com/201093974>

Our Life Sciences Business Model



- In partnership with Dr. Reillo, a leading CBD expert, AHC is actively research the treatment of the Zika virus.
 - AHC will expand its research areas in partnership with Dr. Reillo.
 - By engaging in research, AH Life Sciences works to expand additional uses for its CBD and medical marijuana products.
 - By expanding use cases, AHC contributes to the growth of markets we ultimately plan to serve.
- AH Life Sciences is developing proprietary treatment protocols for various illnesses.
 - Our treatment plans utilize our patented medication delivery systems.
 - By developing proprietary systems of delivery, AHC can deliver its own CBD products, or license to other developers of medical marijuana products.
- License delivery systems to other medical companies.
 - Long-term, AHCs other business units will serve as additional channels for sale & distribution of medical marijuana products.
 - Distribution operations planned in Canada and states with the largest markets.
 - Additional synergies with the media unit (CME content on medical cannabis/CBDs), technology unit (fulfillment & tracking of products), and medical unit (potential channels to physicians).

Our Vertical Integration in Cannabis/CBDs



- AHC does not intend to grow or harvest marijuana during the current US regulatory environment.

- Innovative business partnership with Native American tribe in Northern California to launch a 25,000 square foot state-of-the-art production facility to supply CBD materials to AHC.
- Located in Alturus, CA, operated by our Native American tribe partner.

- Production facility in Irvine, CA.
- CBD and other active compounds get combined with our proprietary delivery systems.
- Tablets & patches developed; R&D underway for additional formulations.

- Packaging and labeling capabilities planned for multiple states.
- Ability to have operations & distribution in multiple large states.

- Discussions in place to form innovative JV to develop retail clinic model in Canada and California.
- Continue business development activities in CBD distribution.

- JV serves as a distribution channel for CanaCard.
- Wide distribution of CanaCard will capture large amounts of data on usage, patient outcomes, and inventory levels.

Our Thoughts About the Sciences Business

- AHC's primary life sciences initiatives are focused on the medical use of cannabis/CBDs.
 - 24 states, including CA, NY and FL have legalized medical marijuana.
 - Medical marijuana is legal across Canada.
- AHC is dedicated to the research and product development in the treatment of various illness.
- AHC believes medical marijuana will eventually be legalized by the US Federal government, and well established and sophisticated first-movers will have significant market advantage.
- In the near term, participants will need to be able to operate in dual modality.
 - Robust, state-centric business models that can use technology to link the grower, extractor, doctor, patient and regulatory stakeholders within a transparent and accountable ecosystem.
 - Participate in out-of-state markets by licensing or otherwise partnering with providers who need technology, products, and know how to accelerate their business models.
- In the “post-legalization” term, participants will need to be able to pivot their business models into national and international platforms. The groundwork must be laid in advance to create a market presence with products, applications, technology and reputation.
- AHC will succeed in this space by harnessing its product innovation, propriety technology and agility.
 - Licensed and owned patents for neutraceuticals and CBD based, patented transdermal patches and tablets.
 - The CanaCard technology platform to manage prescriptions and inventory, and create the virtual ecosystem.
 - Creative partnering with upstream and downstream participants to lock up high quality materials (extraction), patient volumes (clinics and dispensaries), and product distribution channels.

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Our Strategic Goals

Business Unit	Strategic Focus
AH Labs	<ul style="list-style-type: none">Organically diversify by expanding hospital and distribution partner network.Acquire specialty labs to expand service offering and payor contractsOpportunistically acquire undervalued lab assets to support organic growth.
AH Medical Services	<ul style="list-style-type: none">Identify JV partners in the acquisition of hospital networks.Aggressively pursue platform acquisitions within attractive DPC service categories.Acquire care provider networks that are complementary to other BU's
AH Technology Services	<ul style="list-style-type: none">Distribute our Alternate Health Software Platform.Continue to acquire or develop IP complementary to our Platform.
AH Life Sciences	<ul style="list-style-type: none">Continue to lead the industry through research, education and patented delivery systems and treatment methods.Develop distribution channels for CBD infused patches and tablets.Continue to expand the asset base through acquisitions and investments.
AH Media	<ul style="list-style-type: none">Continue to develop AMA approved Continuing Medical Education courses and videos.

Our Pipeline of Opportunities

Segment	Business Unit	Opportunity
Telemedicine	Tech Services	License key technology to provide telemedicine applications as an offering through VIP Services.
Data Analytics	Tech Services	License applications and partner with a leading healthcare data analytics company to drive AH Labs product development and other opportunities.
Data Security	Tech Services	Project Spark acquisition.
Reference Lab	Labs	Labs acquisition.
Retail clinics & dispensaries	Life Science	Acquire a network of care centers in Canada for safe usage of medical cannabis; Provides access and education.

The company has a number of investment and acquisition opportunities. The team is committed to a balance of revenue-generating investments/acquisitions with future value investments/acquisitions.

Contents

- ▶ Corporate Overview
- ▶ Business Units
 - Alternate Health Laboratories
 - Alternate Health Medical Services
 - Alternate Health Technology Services
 - Alternate Health Media
 - Alternate Health Life Sciences
- ▶ Growth, Synergy, and M&A
- ▶ Financial Overview

Our Private Placement Summary

Issuer:	Alternate Health Corp. (the "Corporation")
Offering:	A maximum of 3,000,000 common shares (the "Common Shares") for aggregate gross proceeds of up to US\$ 7,500,000 (Canadian, \$9,750,000). The Corporation is not obligated to complete the full offering of 3,000,000 Common Shares.
Issue Price:	CDN\$3.25 or US \$2.50 per Common Share
Use of Proceeds:	The net proceeds from the Offering will be used for the Corporation's business. It will be used to accelerate marketing efforts and new development related to the Corporation's Electronic Health Records Software, Continuing Medical Education, Medical Cannabis Research, and Toxicology Laboratory business as well as related administration costs.
Form of Offering:	Private placement to "accredited investors" and other exempt purchasers in certain provinces of Canada, excluding Quebec, as agreed upon. The Offering will also be made available to offshore investors pursuant to relevant prospectus or registration exemptions in accordance with applicable laws.
Listing:	The Corporation's common shares are listed on the Canadian Securities Exchange (the "Exchange") under the symbol "AHG". The Corporation will use its best efforts to obtain the necessary approvals to list the Common Shares issued under the offering.
Hold Period:	Subscribers will be subject to a statutory hold period in Canada that extends to four (4) months plus one (1) day from the Closing Date. Subscribers resident outside of Canada may be subject to additional resale restrictions, and are encouraged to consult with their own professional advisors in connection with same.
Closing Date:	Periodic closings on or before February 28, 2017. The Corporation may complete a closing for any number of Common Shares as it determines suitable and is not obligated to complete the full Offering of 3,000,000 Common Shares described in this Subscription Agreement.

Corporate Information

Canadian Origin

Stock Exchange: CSE

CSE Symbol: AHG

Headquarters: Dallas, TX

Market Cap (CAD): \$222M

Share Price: \$5.25 (at 2/17/17)

Our Sources & Uses of Funds

Alternate Health Corp. Sources & Uses of Funds (US \$000's)			
Sources of Funds	\$000's	Uses of Funds	\$000's
Proceeds From Private Placement	7,500	Cash Portion of Project Spark Acquisition	500
		Acquisition & Licensing Reserve	4,750
		Working Capital & CapEx Reserve	1,000
		Placement Fees	750
		Other Transaction Costs	500
Total Sources of Funds	\$7,500	Total Uses of Funds	\$7,500

- Project Spark is a cloud computing solutions company with which AHC has a letter of intent to purchase for approximately \$3.0M; \$2.5M of consideration will be AHC common stock.
- \$5.75M will be used to fund acquisition and/or licensing opportunities, and other corporate needs consistent with its long term business plan.

Financial Forecast Summary

Alternate Health Corp.								
Consolidated Summary Financial Projections								
(US \$)								
	Year 1				Year 1 12 mos	Year 2 12 mos	Year 3 12 mos	
	Q1	Q2	Q3	Q4				
AH Consolidated Revenue								
Alternate Health Labs	5,669,625	12,814,392	22,455,016	31,922,010	72,861,043	206,100,000	281,724,240	
Alternate Health Media	13,455	53,820	94,185	134,550	296,010	3,740,490	3,740,490	
Alternate Health Technology	13,904	139,547	241,868	333,969	729,288	2,415,713	1,852,874	
Alternate Health Products	-	-	-	-	-	-	-	
Alternate Health Medical	-	-	-	-	-	-	-	
Total AH Consolidated Revenue	5,696,984	13,007,759	22,791,069	32,390,529	73,886,340	212,256,203	287,317,605	
AH Consolidated Operating Expenses								
AH Consolidated Expenses								
Alternate Health Labs	3,573,653	8,056,516	14,150,256	20,236,789	46,017,214	129,079,800	174,022,503	
Alternate Health Media	80,853	101,035	121,218	141,400	444,505	555,820	16,764,930	
Alternate Health Technology	154,225	148,125	152,475	168,975	623,800	976,110	1,217,190	
Alternate Health Products	-	-	-	-	-	-	-	
Alternate Health Medical	-	-	-	-	-	-	-	
Total AH Consolidated Expenses	3,808,730	8,305,676	14,423,948	20,547,164	47,085,519	130,611,730	192,004,623	
Total Net AH Consolidated Revenue	1,888,254	4,702,082	8,367,121	11,843,364	26,800,822	81,644,473	95,312,982	
AHC Corporate Expenses								
Personnel Expenses	532,560	508,560	508,110	508,110	2,057,340	2,542,940	3,332,840	
Occupancy Expenses	101,875	101,875	101,875	101,875	407,500	218,600	218,600	
MIS/Network Expenses	16,000	16,000	16,000	16,000	64,000	64,000	64,000	
Outside Services Expenses	60,925	60,925	60,925	60,925	243,700	243,700	243,700	
Business Development Expenses	16,500	16,500	16,500	16,500	66,000	66,000	66,000	
Marketing & Advertising Expenses	53,500	53,500	53,500	53,500	214,000	214,000	214,000	
Total Corporate Expenses	781,360	757,360	756,910	756,910	3,052,540	3,349,240	4,139,140	
EBITDA	1,106,894	3,944,722	7,610,211	11,086,454	23,748,282	78,295,233	91,173,842	
Less: Interest	-	-	-	-	-	-	-	
Less: Taxes	-	1,301,758	2,511,370	3,658,530	7,471,658	25,837,427	30,087,368	
Less: Depreciation	4,120	4,120	4,120	4,120	16,480	16,480	16,480	
Less: Amortization	-	-	-	-	-	-	-	
PRO FORMA NET INCOME	1,102,774	2,638,844	5,094,721	7,423,804	16,260,144	52,441,326	61,069,994	

Our Financial Forecast Commentary

- Financial forecast is meant to be indicative only
 - Represents the potential financial results for the current operations of the company.
 - Does not include Project Spark, future acquisitions or licensing.
 - Does not include revenue or profit from cannabis related businesses.
 - Does include success in adding hospital-partners and other distribution partners for AH Labs and the organic expansion of lab facilities .
- The primary driver for the financial forecast presented herein is AH Labs
 - Year 1 financial projections assume volumetric growth from approximately 5,000 samples per month to over 50,000 sample per month by the end of the period.
 - Existing lab capacity in San Antonio can support projected volume, although additional investment in lab equipment and supplies, in addition to additional hospital partners will be needed to achieve that volume.
 - Years 2 and 3 volume is predicated upon securing additional hospital partners, acquiring additional lab equipment and opening additional lab facilities.
 - Sample revenue is contractually stipulated, although there are no assurances that the contracted price to conduct the lab sample will not change as a result of market factors that necessitate a change in pricing or as a result of varying sample mix.
- Administrative and support services are provided to AH Labs by related entities
 - Administrative services such as customer billing, payments to AH Labs, human resources and other functions are provided through partnerships with Sun Laboratories and Integrity Ancillary Management, are affiliates of AHC
 - Variable cost structure to AH Labs provides the company with a relatively low fixed cost structure
- AH Media is anticipated to grow to approximately \$3.8 million of revenue over the upcoming three years
 - Growth is anticipated to result from greater utilization of its educational and training content related to medical CBDs and corporate product videos and other promotional and educational videos.
- AH Technology Services revenue is anticipated to reach approximately \$2.0 million over the upcoming three years
 - Expected to be generated from software licensing and sales in the US as well as the expansion of the Canacard platform in Canada.

Risk Factors

Risk Factors

In addition to the risk factors noted below, we refer readers to the risk factors set out in the Listing Statement filed on SEDAR on January 12, 2017.

Investing in AHC is a highly speculative investment.

A purchase of AHC's securities is highly speculative and involves significant risks. Securities of AHC should not be purchased by any person who cannot afford the loss of their entire investment. The business objectives of the AHC are also speculative, and it is possible that we could be unable to satisfy them. Investors may be unable to realize a substantial return on their purchase of securities, or any return whatsoever, and may lose their entire investment. For this reason, each investor should consult with their attorney, business and/or investment advisor before investing.

Risks Related to the Business

The U.S. healthcare system is evolving, and changes in laws and regulations could adversely impact the business of AHC.

The U.S. healthcare system is evolving, in part in response to the passage of the Affordable Care Act ("**ACA**") in 2010. The law provided for reductions in the Medicare clinical laboratory fee schedule of 1.75% for five years beginning in 2011 and also included a productivity adjustment that reduced the CPI market basket update since 2011. The law imposes an excise tax on the seller for the sale of certain medical devices in the United States, including those purchased and used by laboratories; effective January 2016, Congress imposed a two-year moratorium on the device tax. The law established the Independent Payment Advisory Board, which is responsible to submit annually proposals aimed at reducing Medicare cost growth while preserving quality. Further, the ACA established the Center for Medicare and Medicaid Innovation to examine alternative payment methodologies and conduct demonstration programs. The law provided for extensive health insurance reforms, including the elimination of pre-existing condition exclusions and other limitations on coverage, fixed percentages on medical loss ratios, expansion in Medicaid and other programs, employer mandates, individual mandates, creation of state and regional health insurance exchanges, and tax subsidies for individuals to help cover the cost of individual insurance coverage. The law also permits the establishment of Accountable Care Organizations ("**ACOs**"). We expect that the evolution of the healthcare industry will continue, and certain changes could adversely affect our business.

Future actions by the new Trump Administration and the U.S. Congress including, but not limited to, repeal or replacement of the ACA could have a material adverse impact on our results of operations or financial condition. Additionally, all or a portion of the ACA and related subsequent legislation may be modified, repealed or otherwise invalidated through judicial challenge. We can provide you with no assurance that the ultimate outcome of the ACA, health care reform efforts and/or the federal budget and resulting Medicare reimbursement rates will not have a material adverse effect on our liquidity, our results of operation, or our financial condition.

Risk Factors continued

The clinical testing business is highly competitive, and if we fail to provide an appropriately priced level of service or otherwise fail to compete effectively it could have a material adverse effect on our revenues and profitability.

The clinical testing business remains a fragmented and highly competitive industry. We will compete with several types of clinical testing providers, including: other commercial clinical laboratories, hospital-affiliated laboratories and physician-office laboratories. We will also compete with other providers, including anatomic pathology practices and large physician group practices. Hospitals generally maintain on-site laboratories to perform testing on their patients (inpatient or outpatient). In addition, many hospitals compete with commercial clinical laboratories for outreach (non-hospital patients) testing. Hospitals may seek to leverage their relationships with community clinicians and encourage the clinicians to send their outreach testing to the hospital's laboratory. In addition, hospitals that own physician practices may require the practices to refer testing to the hospital's laboratory. In recent years, there has been a trend of hospitals acquiring physician practices, and as a result, an increased percentage of physician practices are owned by hospitals. As a result of this affiliation between hospitals and community clinicians, we will compete against hospital-affiliated laboratories primarily based on quality and scope of service as well as pricing. Increased hospital acquisitions of physician practices enhance clinician ties to hospital-affiliated laboratories and may strengthen their competitive position. The formation of ACOs and independent delivery networks ("**IDNs**"), and their approach to contracts with healthcare providers, in addition to the impact of informatics, also may increase competition to provide diagnostic information services.

The diagnostic information services industry also is faced with changing technology and new product introductions. Competitors may compete using advanced technology, including technology that enables more convenient or cost-effective testing. Competitors also may offer testing to be performed outside of a commercial clinical laboratory, such as (1) point-of-care testing that can be performed by physicians in their offices; (2) complex testing that can be performed by hospitals in their own laboratories; and (3) home testing that can be carried out without requiring the services of outside providers.

Government payers, such as Medicare and Medicaid, have taken steps to reduce the utilization and reimbursement of healthcare services, including clinical testing services.

Government payers have made an effort to reduce utilization of and reimbursement for diagnostic information services. We expect efforts to reduce reimbursements, to impose more stringent cost controls and to reduce utilization of clinical test services will continue.

From time to time, Congress has legislated reductions in, or frozen updates to, the Medicare Clinical Laboratory Fee Schedule. In addition, CMS has adopted policies limiting or excluding coverage for clinical tests that we will perform. Medicaid reimbursement varies by state and is subject to administrative and billing requirements and budget pressures. The 2010 federal healthcare reform legislation includes further provisions that are designed to control utilization and payment levels.

Risk Factors continued

In addition, over the last several years, the federal government has continued to expand its contracts with private health insurance plans for Medicare beneficiaries, called “Medicare Advantage” programs, and has encouraged such beneficiaries to switch from the traditional programs to the private programs. There has been continued growth of health insurance plans offering Medicare Advantage programs, and of beneficiary enrollment in these programs. Also in recent years, states have mandated that Medicaid beneficiaries enroll in private managed care arrangements. Recently, state budget pressures have encouraged states to consider several courses of action that may impact our business, such as delaying payments, reducing reimbursement, restricting coverage eligibility, denying claims and service coverage restrictions.

From time to time, the federal government has considered whether competitive bidding could be used to provide clinical testing services for Medicare beneficiaries at attractive rates while maintaining quality and access to care. Congress periodically considers cost-saving initiatives as part of its deficit reduction discussions. These initiatives have included coinsurance for clinical testing services, co-payments for clinical testing and further laboratory fee schedule reductions.

2014 U.S. federal legislation, the Protecting Access to Medicare Act of 2014, is impacting the clinical testing industry. Key parts of this legislation included provisions that provide for the establishment of an advisory panel and a market-based process to rebase the Clinical Laboratory Fee Schedule, developing a new fee schedule and limiting reductions in that fee schedule. Changes in the fee schedule could adversely affect our ability to become profitable.

Health plans and other third parties have taken steps to reduce the utilization and reimbursement of health services, including clinical testing services.

Non-governmental third-party payers, including health plans, have made efforts to reduce utilization of and reimbursement for clinical testing services. For example, since the passage of ACA, there is increased market activity regarding alternative payment models, including bundled payment models. We expect continuing efforts by third-party payers, including in their rules, practices and policies, to reduce reimbursements, to impose more stringent cost controls and to reduce utilization of clinical testing services. ACOs and IDNs also may undertake efforts to reduce utilization of, or reimbursement for, diagnostic information services.

The healthcare industry has experienced a trend of consolidation among health insurance plans, resulting in fewer but larger insurance plans with significant bargaining power to negotiate fee arrangements with healthcare providers, including clinical testing providers. These health plans, and independent physician associations, may demand that clinical testing providers accept discounted fee structures or assume all or a portion of the financial risk associated with providing testing services to their members through capitated payment arrangements. In addition, some health plans have been willing to limit the preferred provider organization or place of service laboratory network to only a single national laboratory to obtain improved fee-for-service pricing. Some health plans also are reviewing test coding, evaluating coverage decisions and considering steps such as requiring preauthorization of testing. There are also an increasing number of patients enrolling in consumer driven products and high deductible plans that involve greater patient cost-sharing.

Risk Factors continued

The increased consolidation among health plans also has increased pricing transparency and bargaining power and the potential adverse impact of ceasing to be a contracted provider with any such insurer. The ACA included provisions, including ones regarding the creation of healthcare exchanges, that may encourage health insurance plans to increase exclusive contracting.

Government payers and third parties, including health plans, may not recognize the value of, or compensate or reimburse us for, new and innovative solutions.

Government payers and third parties, including health plans, are taking steps to reduce utilization of, and reimbursement for, some new and innovative healthcare solutions, including new tests and other solutions that we may offer. These steps discourage innovation and access to innovative solutions that we may offer.

The business will be subject to several legal and regulatory requirements, and we may face substantial fines and penalties, and our business activities may be impacted, if we fail to comply.

Our business will be subject to or impacted by extensive and frequently changing laws and regulations in the United States (including at both the federal and state levels) and the other jurisdictions in which we engage in business. While we seek to conduct our business in compliance with all applicable laws, many of the laws and regulations applicable to us are vague or indefinite and have not been interpreted by the courts, including many of those relating to:

- billing and reimbursement of clinical testing;
- certification or licensure of clinical laboratories;
- the anti-self-referral and anti-kickback laws and regulations;
- the laws and regulations administered by the Federal Drug Administration (“**FDA**”);
- the corporate practice of medicine;
- operational, personnel and quality requirements intended to ensure that clinical testing services are accurate, reliable and timely;
- physician fee splitting;
- relationships with physicians and hospitals;
- safety and health of laboratory employees; and
- handling, transportation and disposal of medical specimens, infectious and hazardous waste and radioactive materials.

Risk Factors continued

These laws and regulations may be interpreted or applied by a prosecutorial, regulatory or judicial authority in a manner that could affect our operations, including our pricing and/or billing practices. We may not be able to secure required permits, licenses or other regulatory approvals needed to begin operations. Once licensed and permitted, if we fail to comply with applicable laws and regulations, or if we fail to maintain, renew or obtain other necessary permits, licenses and approvals, we could suffer civil and criminal penalties, fines, exclusion from participation in governmental healthcare programs and the loss of various licenses, certificates and authorizations necessary to operate our business, as well as incur additional liabilities from third-party claims.

After we begin operations, changes in applicable laws and regulations may result in existing practices becoming more restricted, or subject our existing or proposed services to additional costs, delay, modification, withdrawal or reconsideration. Such changes also could require us to modify our business objectives.

Failure to accurately bill for our services could have a material adverse effect on our business.

Billing for diagnostic information services is complex and subject to extensive and non-uniform rules and administrative requirements. Depending on the billing arrangement and applicable law, we will bill various payers, such as patients, insurance companies, Medicare, Medicaid, clinicians, hospitals and employer groups. Failure to comply with applicable laws relating to billing government healthcare programs may result in various consequences, including: (1) exclusion from participation in Medicare/Medicaid programs; (2) asset forfeitures; (3) civil and criminal fines and penalties; and (4) the loss of various licenses, certificates and authorizations necessary to operate our business.

Attacks on our information technology systems, or failure in such systems, could disrupt our operations and cause the loss of confidential information, customers and business opportunities or otherwise adversely impact our business.

Information Technology (“IT”) systems will be used extensively in virtually all aspects of our business, including clinical testing, test reporting, billing, customer service, logistics and management of medical data. IT systems may be vulnerable to damage, disruptions and shutdown from a variety of sources, including telecommunications or network failures, human acts and natural disasters. Unauthorized persons may seek to obtain and other confidential information that we will house on our IT systems. Moreover, despite any security measures we may implement, our IT systems may be subject to physical or electronic intrusions, computer viruses, unauthorized tampering and similar disruptive problems. Our information technology systems may from time to time experience minor attacks, minor viruses, attempted intrusions or similar problems.

Cyber threats are constantly evolving, thereby increasing the difficulty of detecting and successfully defending against them. Breaches of our network or data security could disrupt the security of our internal systems and business applications, impair our ability to provide services to our customers, compromise intellectual property or confidential information or otherwise adversely impact our business. There can be no assurances that our precautionary measures will prevent or successfully defend against cyber threats that could have a significant impact on our business.

Risk Factors continued

Failure to develop, or acquire licenses for, new tests, technology and services could negatively impact our testing volume and revenues.

The clinical testing industry is faced with changing technology and new product introductions. Other companies or individuals, including our competitors, may obtain patents or other property rights that would prevent, limit or interfere with our ability to develop, perform or sell our solutions or operate our business or increase our costs. In addition, they could introduce new tests, technologies or services that may result in a decrease in the demand for our services or cause us to reduce the prices of our services. Our success in continuing to introduce new solutions, technology and services will depend, in part, on our ability to license new and improved technologies on favorable terms. We may be unable to develop or introduce new solutions or services. We also may be unable to continue to negotiate acceptable licensing arrangements, and arrangements that we do conclude may not yield commercially successful clinical tests. If we are unable to license these testing methods at competitive rates, our research and development costs may increase as a result. In addition, if we are unable to develop and introduce, or license, new solutions, technology and services to expand our esoteric testing business, our services may become outdated when compared with our competition.

We may be unable to obtain, maintain or enforce our intellectual property rights and may be subject to intellectual property litigation that could adversely impact our business.

We may be unable to obtain or maintain adequate patent or other proprietary rights for our solutions or services or to successfully enforce our proprietary rights. In addition, we may be subject to intellectual property litigation and we may be found to infringe on the proprietary rights of others, which could force us to do one or more of the following:

- cease developing, performing or selling solutions or services that incorporate the challenged intellectual property;
- obtain and pay for licenses from the holder of the infringed intellectual property right;
- redesign or re-engineer our tests;
- change our business processes; or
- pay substantial damages, court costs and attorneys' fees, including potentially increased damages for any infringement held to be willful.

The development of new, more cost-effective solutions that can be performed by our customers or by patients, and the continued internalization of testing by hospitals or physicians, could negatively impact our testing volume and revenues.

The diagnostic information services industry is faced with changing technology and new product introductions, including technology that enables more convenient or cost-effective testing. Competitors may offer testing to be performed outside of a commercial clinical laboratory, such as (1) point-of-care testing that can be performed by physicians in their offices; (2) complex testing that can be performed by hospitals in their own laboratories; and (3) home testing that can be carried out without requiring the services of outside providers. Advances in technology may lead to the need for less frequent testing. Further, diagnostic tests approved or cleared by the FDA for home use are automatically deemed to be "waived" tests under the Clinical Laboratory Improvement Amendments and may be performed by patients in their homes; test kit manufacturers could seek to increase sales to patients of such test kits.

Risk Factors continued

Some traditional customers for anatomic pathology services, including specialty physicians that generate biopsies through surgical procedures, such as dermatologists, gastroenterologists, urologists and oncologists, have added in-office histology labs or have retained pathologists to read cases on site. Hospitals also are internalizing clinical laboratory testing, including some esoteric testing. Internalization of testing may reduce demand for services previously referred to outside service providers, such as AHC.

Our ability to attract and retain qualified employees is critical to the success of our business and the failure to do so may materially adversely affect our performance.

The supply of qualified personnel may be limited and competition for qualified employees is strong. Any failure to attract and retain, key management personnel, or qualified skilled technical or professional employees (e.g., pathologists) could adversely affect our ability to establish and maintain a profitable business.

Failure to establish, and perform to, appropriate quality standards to assure that the highest level of quality is observed in the performance of our diagnostic information services could adversely affect the results of our operations and adversely impact our reputation.

The provision of diagnostic information services involves certain inherent risks. The services that we will provide are intended to provide information for healthcare providers in providing patient care. Therefore, users of our services may have a greater sensitivity to errors than the users of services or products that are intended for other purposes.

Negligence in performing our services can lead to injury or other adverse events. We may be sued under physician liability or other liability law for acts or omissions by our pathologists, laboratory personnel and hospital employees who are under the supervision of our hospital-based pathologists. We will be subject to the attendant risk of substantial damages awards and risk to our reputation.

Our operations and reputation may be impaired if we do not comply with privacy laws or information security policies.

In our business, we will generate or maintain sensitive information, such as patient data and other personal information. If we do not adequately safeguard that information and it were to become available to persons or entities that should not have access to it, our business could be impaired, our reputation could suffer and we could be subject to fines, penalties and litigation.

We will be subject to numerous political, legal, operational and other risks as a result of our international operations which could impact our business in many ways.

- Although we will conduct most of our business in the United States, our international operations increase our exposure to the inherent risks of doing business in international markets. Depending on the market, these risks include without limitation:
- changes in the local economic environment;
- political instability;
- social changes;

Risk Factors continued

- intellectual property legal protections and remedies;
- trade regulations;
- procedures and actions affecting approval, production, pricing, reimbursement and marketing of services;
- exchange controls;
- attracting and retaining qualified employees;
- local market practices;
- export and import controls;
- weak legal systems which may affect our ability to enforce contractual rights;
- changes in local laws or regulations; and
- potentially longer payment and collection cycles.

International operations will require us to devote significant management resources to implement our controls and systems in new markets, to comply with the U.S. Foreign Corrupt Practices Act and similar anti-corruption laws in non-U.S. jurisdictions and to overcome challenges based on differing languages and cultures.

Our operations may be adversely impacted by the effects of natural disasters such as hurricanes and earthquakes, health pandemics, hostilities or acts of terrorism and other criminal activities.

Our operations may be adversely impacted by the effects of natural disasters such as hurricanes and earthquakes, health pandemics, hostilities or acts of terrorism or other criminal activities. Such events may result in a temporary decline in the number of patients who seek clinical testing services or in our employees' ability to perform their job duties. In addition, such events may temporarily interrupt our ability to transport specimens, to receive materials from our suppliers or otherwise to provide our services.

Our business could be adversely impacted by adoption of new coding for tests.

The American Medical Association CPT® Editorial Panel is continuing its process of establishing billing codes to replace codes that describe procedures used in performing molecular testing and toxicology testing. The adoption of these codes is allowing payers to better determine tests being performed. This has led, and could continue to lead, to limited coverage decisions, payment denials or new procedures or conditions for payment. Health plans, Medicare contractors and Medicaid programs continue to consider or implement the new codes and issue coverage and payment decisions. Payment levels for many new codes remain largely unresolved and healthcare providers continue to address implementation of the new codes.

Risk Factors continued

Our operations may be adversely impacted by the effect of trends in the U.S. healthcare system, including healthcare utilization and increased patient financial responsibility for services.

Our operations may be adversely impacted by the effects of trends in the utilization of the healthcare system in the United States. Trends in the utilization of the U.S. healthcare system can be influenced by such factors as under-employed workers, decisions to delay medical care and increased patient financial responsibility for medical care. Declining utilization of the U.S. healthcare system may result in a decline in the number of patients who seek clinical testing services.

In the current environment, patients are encouraged to take increased interest in and responsibility for, and often are bearing increased financial responsibility for, their healthcare. Our operations may be adversely impacted by the recent trend to increased patient responsibility for payment for healthcare services, including diagnostic information services.

We will need to raise substantial capital to fund our future plans and operations and we may be unable to raise such funds when needed and on acceptable terms.

When we elect to raise additional funds or when additional funds are required, we may raise such funds from time to time through public or private equity offerings, debt financings, corporate collaboration and licensing arrangements or other financing alternatives. These financing arrangements may not be available on acceptable terms, if at all. If we are unable to raise additional capital in sufficient amounts or on terms acceptable to us, we will be prevented from developing our business plans, pursuing acquisition, licensing, development and commercialization efforts and our ability to continue operations, generate revenues and achieve or sustain profitability will be substantially harmed.

If we raise additional funds by issuing equity securities, our shareholders will experience dilution. Debt financing, if available, would result in increased fixed payment obligations and may involve agreements that include covenants limiting or restricting our ability to take specific actions, such as incurring additional debt, making capital expenditures or declaring dividends. Any debt financing or additional equity, including securities convertible into or exercisable for equity securities, that we raise may contain terms, such as liquidation, conversion and other preferences, which are not favorable to us or our shareholders. If we raise additional funds through collaboration and licensing arrangements with third parties, it may be necessary to relinquish valuable rights to our technologies, future revenue streams or product candidates or to grant licenses on terms that may not be favorable to us. Should the financing we require to sustain our working capital needs be unavailable or prohibitively expensive when we require it, our business, operating results, financial condition and prospects could be materially and adversely affected and we may be unable to continue our operations.

We may not be able to enter into the necessary agreements in order to achieve our business plans

We are in the process of negotiating agreements with various parties including a \$200 million hospital group. If we are not able to complete these negotiations under acceptable terms then we may not be able to proceed with our business plans.

Risk Factors continued

Risks Related to the Marijuana Business

Marijuana remains illegal under United States federal law.

Marijuana is a Schedule-I controlled substance and is illegal under federal law. Even in those states in which the use of marijuana has been legalized, its use remains a violation of federal law. Since federal law criminalizing the use of marijuana preempts state laws that legalize its use, strict enforcement of federal law regarding marijuana would likely result in our inability to proceed with our business plan.

Our business is dependent on laws pertaining to the marijuana industry

The United States federal government regulates drugs through the Controlled Substances Act (21 U.S.C. § 811), which places controlled substances, including cannabis, in a schedule. Cannabis is classified as a Schedule I drug, which is viewed as highly addictive and having no medical value. The United States Federal Drug Administration has not approved the sale of marijuana for any medical application. Doctors may not prescribe cannabis for medical use under federal law, however they can recommend its use under the First Amendment. In 2010, the United States Veterans Affairs Department clarified that veterans using medicinal cannabis will not be denied services or other medications that are denied to those using illegal drugs.

Currently, there are 23 states plus the District of Columbia that have laws and/or regulations that recognize, in one form or another, legitimate medical uses for cannabis and consumer use of cannabis in connection with medical treatment. Many other states are considering similar legislation. These noted state laws, both proposed and enacted, are in conflict with the federal Controlled Substances Act, which makes cannabis use and possession illegal on a national level. However, on August 29, 2013, the U.S. Department of Justice issued a memorandum providing that where states and local governments enact laws authorizing cannabis-related use, and implement strong and effective regulatory and enforcement systems, the federal government will rely upon states and local enforcement agencies to address cannabis activity through the enforcement of their own state and local narcotics laws. The memorandum further stated that the U.S. Justice Department's limited investigative and prosecutorial resources will be focused on eight priorities to prevent unintended consequences of the state laws, including distribution of cannabis to minors, preventing the distribution of cannabis from states where it is legal to states where it is not, and preventing money laundering, violence and drugged driving.

Risk Factors continued

Variations in state and local regulation, and enforcement in states that have legalized medical cannabis, may restrict marijuana-related activities, including activities related to medical cannabis, which may negatively impact our revenues and prospective profits.

Individual state laws do not always conform to the federal standard or to other states laws. A number of states have decriminalized marijuana to varying degrees, other states have created exemptions specifically for medical cannabis, and several have both decriminalization and medical laws. Several states, Alaska, California, Colorado, Oregon, and Washington, and the District of Columbia have legalized or passed voter initiatives to legalize the recreational use of cannabis. Variations exist among states that have legalized, decriminalized, or created medical marijuana exemptions. For example, Alaska, Colorado, and the District of Columbia have limits on the number of marijuana plants that can be homegrown. In most states, the cultivation of marijuana for personal use continues to be prohibited except for those states that allow small-scale cultivation by the individual in possession of medical marijuana needing care or that person's caregiver. Active enforcement of state laws that prohibit personal cultivation of marijuana may indirectly and adversely affect our business and our revenue and profits.

In addition, local cannabis laws in many jurisdictions are piecemeal and specific regulations may not be promulgated for months or years to come. Accordingly, there is uncertainty whether such laws and regulations will enable the company to operate its cannabis-related business as currently planned.

We may have difficulty accessing the service of United States banks, which may make it difficult for us to operate.

Since the use of marijuana is illegal under federal law, there is a strong argument that banks cannot accept for deposit funds from businesses involved with the marijuana industry. Consequently, businesses involved in the marijuana industry often have difficulty finding a bank willing to accept their business. The inability to open or maintain bank accounts may make it difficult for us to operate our contemplated medical marijuana businesses.

We are in the early stages of the joint venture with the Native American tribe and there is no guarantee that the joint venture will come to fruition or what form it will take.

We have entered into a joint venture agreement with a Native American tribe in California. Due to uncertainty with the marijuana laws in the United States we are currently in the process of determining the appropriate structure to move forward with the joint venture. There is great uncertainty in what form the joint venture will take or if it proceeds at all. As such our Life Sciences business unit may make significant changes to take into account any changes to the joint venture.

Risk Factors continued

FDA Regulation of marijuana and the possible registration of facilities where medical marijuana is grown could negatively affect the cannabis industry which would directly affect our financial condition

Should the federal government legalize marijuana for medical use, it is possible that the U.S. Food and Drug Administration ("FDA") would seek to regulate it under the Food, Drug and Cosmetics Act of 1938. Additionally, the FDA may issue rules and regulations including cGMPs (certified good manufacturing practices) related to the growth, cultivation, harvesting and processing of medical marijuana. Clinical trials may be needed to verify efficacy and safety. It is also possible that the FDA would require that facilities where medical marijuana is grown be registered with the FDA and comply with certain federally prescribed regulations. In the event that some or all of these regulations are imposed, we do not know what the impact would be on the medical marijuana industry and what costs, requirements and possible prohibitions may be enforced. If we are unable to comply with the regulations and/or registration as prescribed by the FDA, we may be unable to continue to operate our business.

We are entering into a highly competitive market

The markets for ancillary businesses in the medical marijuana industries are competitive and evolving. In particular, we face strong competition from larger companies that may be in the process of offering similar products and services to ours. Many of our current and potential competitors have longer operating histories, significantly greater financial, marketing and other resources and larger client bases than we have (or may be expected to have).

Given the rapid changes affecting the global, national, and regional economies generally and the medical marijuana industry, in particular, we may not be able to create and maintain a competitive advantage in the marketplace. Our success will depend on our ability to keep pace with any changes in its markets, especially with legal and regulatory changes. Our success will depend on our ability to respond to, among other things, changes in the economy, market conditions, and competitive pressures. Any failure by us to anticipate or respond adequately to such changes could have a material adverse effect on our financial condition, operating results, liquidity, cash flow and our operational performance.

On December 11, 2014, the U.S. Department of Justice issued another memorandum with regard to its position and enforcement protocol with regard to Indian Country, stating that the eight priorities in the previous federal memo would guide the United States Attorneys' cannabis enforcement efforts in Indian Country. On December 16, 2014, as a component of the federal spending bill, the Obama administration enacted regulations that prohibit the Department of Justice from using funds to prosecute state-based legal medical cannabis programs.

There is risk that the Trump administration may reverse the Obama administration's regulations on enforcement of cannabis laws in a manner that may be adverse to our business or planned activities.

Risk Factors continued

Due to our involvement in the Cannabis industry, we may have a difficult time obtaining insurance which may expose us to additional risk and financial liabilities.

Insurance that is otherwise readily available, such as worker's compensation, general liability, and directors and officer's insurance, is more difficult for us to find, and more expensive, because we are service providers to companies in the cannabis industry. There are no guarantees that we will be able to find such insurances in the future, or that the cost will be affordable to us. If we are forced to go without such insurances, it may prevent us from entering into certain business sectors, may inhibit our growth, and may expose us to additional risk and financial liabilities.

Because the business activities of some of our customers is illegal under federal law, we may be deemed to be aiding and abetting illegal activities through the services that we provide to those customers. As a result, we may be subject to actions by law enforcement authorities, which would materially and adversely affect our business.

Under United States federal law, the possession, use, cultivation, and transfer of cannabis is illegal. We provide services to customers that are engaged in those businesses. As a result, law enforcement authorities may seek to bring an action or actions against us, including, but not limited, to a claim of aiding and abetting another's criminal activities. Such an action would have a material effect on our business and operations.

Our websites are visible in jurisdictions where medicinal use of cannabis is not permitted, and as a result we may be found to be violating the laws of those jurisdictions.

Internet websites are visible by people everywhere, not just in jurisdictions where the activities described therein are considered legal. As a result, we may face legal action from a state or other jurisdiction against us for engaging in activity illegal in that state or jurisdiction.

We may not obtain the necessary permits and authorizations to operate the medical marijuana business.

We may not be able to obtain or maintain the necessary licenses, permits, authorizations, or accreditations, or may only be able to do so at great cost, to operate its medical marijuana business. In addition, we may not be able to comply fully with the wide variety of laws and regulations applicable to the medical marijuana industry. Failure to comply with or to obtain the necessary licenses, permits, authorizations, or accreditations could result in restrictions on our ability to operate the medical marijuana business, which could have a material adverse effect on our business.

Risk Factors continued

Risks Related to the Common Shares

AHC has limited external sources of funds, which could result in a shortage of working capital.

There is no assurance that the proceeds of the Offering and revenues from AHC's anticipated business operations will be sufficient to meet its future cash requirements, nor can there be any assurance that unexpected difficulties encountered during operations will not be of such a magnitude as to require AHC to seek additional financing. As the Shareholders will not be required to provide any additional funds beyond their initial purchase amounts, AHC may require additional finances in the future. Any future requirement for additional funding will have to come, if at all, from AHC's revenues, the sale of additional shares, corporate assets or from borrowings.

The Common Shares may have limited liquidity.

Each investor should be fully aware of the long-term nature of their investment in the Common Shares and the lack of liquidity of their investment. In addition, because the Common Shares are being sold in reliance on an exemption from the U.S. Securities Act and the provisions of applicable state securities laws, Common Shares may not be sold unless they are subsequently registered under the Securities Act and applicable state securities laws or an opinion of counsel satisfactory to AHC is obtained that such registration is not required or pursuant to Regulation S (as more fully described in the Subscription Agreement). No such registration is contemplated by AHC. A purchaser of Common Shares must represent that they have acquired the Shares for investment and not with a view to resale or distribution.

AHC is a new business that will be under control of the Directors and Officers.

AHC is a new entity with a minor history of operations. The success of AHC will depend, in part, on the management of AHC's business by the directors and officers of AHC. The directors and officers of AHC will manage and control all aspects of AHC's business and will make all decisions concerning the business of AHC. Because of the specialized nature of its business, AHC will be dependent upon its ability to attract and retain qualified personnel.

Offering price and failure to sell all Common Shares offered.

The price per Common Share in the Offering does not necessarily bear any relationship to assets, net worth, earnings or any other objective criteria of value applicable to AHC. Investment in the ownership of AHC is highly speculative. Failure of AHC to sell all the Common Shares offered will reduce the funds available to AHC to engage in its desired purposes and may have a material adverse effect on AHC.

Forecasts are based upon certain assumptions which are only estimates.

The financial forecasts prepared by AHC are based upon certain assumptions with respect to the expected revenues and expenses associated with AHC's proposed business. These assumptions are only estimates and there can be no assurance that such assumptions are or will be correct, nor can they be relied upon as reflecting the actual expenses and revenues of AHC. Furthermore, the forecast was prepared by AHC and has not been reviewed by any independent party.

Risk Factors continued

Certain circumstances may require AHC be dissolved.

AHC may be dissolved upon such uncontrollable events as bankruptcy or insolvency of AHC. A dissolution of AHC could occur at a time that would be disadvantageous to the Shareholders. There can be no assurance that the value of the Common Shares would not be materially and adversely affected by a dissolution of AHC or that the Shareholders would not sustain economic losses, including adverse federal income tax consequences, as a result of such a dissolution.

Additional dilution risk is associated with the business strategy.

AHC will require additional financing for its business. This will likely entail the issuance of additional common shares or common shares equivalents, which would have the effect of further increasing the number of common shares outstanding. In addition, AHC may issue more common shares to facilitate a business combination, acquire assets or stock of another business, compensate employees or consultants or for other valid business reasons in the discretion of the Board, all of which could have the result of diluting the interests of the existing Shareholders.

United States Federal and States Tax Risks

AHC is providing no tax or legal advice.

An investment in the Common Shares of AHC may involve certain material federal and state tax consequences. Potential investors in the Offering should consult with their respective legal counsel, accountant or business adviser as to legal, tax and related matters concerning investment in the common stock offered hereby.

No representation or warranty of any kind is made by AHC, its directors, officers or affiliates with respect to the federal income tax consequences relating to an investment in AHC.