

## FORM 7

### MONTHLY PROGRESS REPORT

Name of Listed Issuer: Alternate Health Corp. (the "Issuer").

Trading Symbol: AHG

Number of Outstanding Listed Securities: 67,668,763

Date: February 6, 2019

This Monthly Progress Report must be posted before the opening of trading on the fifth trading day of each month. This report is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by Exchange Policies. If material information became known and was reported during the preceding month to which this report relates, this report should refer to the material information, the news release date and the posting date on the Exchange website.

This report is intended to keep investors and the market informed of the Issuer's ongoing business and management activities that occurred during the preceding month. Do not discuss goals or future plans unless they have crystallized to the point that they are "material information" as defined in the Policies. The discussion in this report must be factual, balanced and non-promotional.

#### **General Instructions**

- (a) Prepare this Monthly Progress Report using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the items must be in narrative form. State when the answer to any item is negative or not applicable to the Issuer. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

#### **Report on Business**

1. Provide a general overview and discussion of the development of the Issuer's business and operations over the previous month. Where the Issuer was inactive disclose this fact.

**On January 18, 2019 the Issuer announced that Kare MMJ, which was acquired by the Issuer in a deal announced on November 20, 2018, was recently approved by the state of California for its cannabis manufacturing and distribution licenses. The newly issued licenses allow the Issuer to begin operations at its 5,000 square foot Los Angeles location. The Company will initially be manufacturing and distributing**

a line of flavored cannabis extract products through its premiere Bionic Bee brand. The Issuer's Los Angeles licenses were secured in addition to the licenses for its facility in Humboldt County, California, on October 20, 2018, which will continue to operate as the primary location for the production and distribution of cannabis flower and infused edibles. The Issuer has also made several operational updates and continues to progress with its strategic plan in the California cannabis market.

#### **Private Placement Update**

The Issuer provided an update to its press release announced on December 10, 2018 concerning the use of proceeds in connection with the closing of a private placement of even date. Proceeds of the private placement are already being used to expand the Company's cannabis technology platform in addition to key product development and implementation of distribution activities in California.

#### **Debt Finance Agreement Update**

The Issuer announced that it continues to work with Agincourt Ventures to secure \$20 million as part of the debt finance agreement announced on November 8, 2018. The Issuer originally expected to receive funds in two tranches on November 30, 2018 and December 20, 2018 with a funding deadline of January 15, 2019 as specified in a binding letter of intent. The Issuer agreed to extend the deadline 14 days to January 29, 2019 as the result of an unexpected delay encountered by Agincourt Ventures during the process of converting investment assets to cash to be used to fund the agreement.

For full details, see news release dated and issued on January 18, 2019.

On January 22, 2019 the Issuer announced the appointment of Kyle Kemper to the Issuer's Board of Directors. Mr. Kemper is the author of "The Unified Wallet: Unlocking the Digital Golden Age" — a definitive work on the implications of blockchain technology in the modern world — and a strong advocate for the expansion of blockchain and Bitcoin. As executive director of the Blockchain Association of Canada (BAC), Mr. Kemper worked with policymakers, governments and industry leaders to better understand the potential of this powerful technology. Mr. Kemper believes in the importance of the blockchain ecosystem and its application across a wide range of industries, including healthcare, supply chain management, digital ID, certifications and media.

The Issuer also announced the promotion of Jay Briggs to the role of Senior Vice President of Operations; and the appointment of Bob Chidgey to the role of Vice-President of Finance. Bob Chidgey joined Alternate Health as Vice President of Finance to manage Financial Planning and Analysis for the Company and has already proven to be an invaluable resource. Bob's impressive resume includes over 35 years of experience working in the capital markets in leadership positions for companies such as AT&T, GE Capital and the FDIC. He will also be responsible for developing comprehensive reporting packages that will provide leadership with the information and insight they need to make crucial decisions about the direction of the Company.

In addition to the above-mentioned personnel changes, the Issuer announced the resignation of Mr. Michael Klipper. The Issuer extended its gratitude to Mr. Klipper for his assistance while serving as a director and wished him well in his endeavors.

For full details, see news release dated and issued on January 22, 2019.

On January 29, 2019 the Issuer announced that it is undertaking a non-brokered private placement (the "Private Placement") of unsecured convertible notes (the "Notes") under prospectus exemptions available under applicable securities

legislation in the aggregate principal amount of up to CAD\$12,000,000 (USD\$9,000,000), maturing and payable on the date that is three years from the date of issuance (the "Maturity Date"). The Notes will bear simple interest at a rate of 8.5% per annum. Interest will accrue and be payable on the Maturity Date. At the Noteholders' option, the Notes and accrued interest may be converted into common shares (the "Shares") at a price of CDN \$0.65 Share if within one year of closing and \$1.00 thereafter (the "Conversion Price"), subject to the policies of the Canadian Securities Exchange (the "Exchange"). The private placement proceeds will assist in funding Issuer's expansion into California's adult-use cannabis industry, including key acquisitions. With licensed facilities in Los Angeles and Humboldt County, the Issuer is actively marketing the Issuer's software to leading players in the industry. In addition to funding expansion opportunities in product distribution and CBD marketing, private placement proceeds will be used in Issuer's CanaPass business and for general working capital purposes.

**Debt Finance Agreement Update – Agincourt Ventures**

The Issuer announced that due to immediate funding issues unrelated to the Issuer, Agincourt is currently unable to make its equity placement and loan to the Issuer. Management is seeking legal advice with respect to this commitment default. For full details, see news release dated and issued on January 29, 2019.

On January 31, 2019 the Issuer announced that its Board of Directors had approved a change of the Issuer's auditors from BDO Canada LLP ("BDO") to Davidson & Company LLP ("Davidson"). BDO had resigned as auditor of the Issuer effective January 28, 2019. The Audit Committee and the Board of Directors of the Issuer have appointed Davidson as the successor auditor in their place effective January 28, 2019. The Issuer has sent a Change of Auditor Notice (the "Notice") to each of BDO and Davidson, and has received a letter from each addressed to the securities commissions in each of British Columbia, Alberta, and Ontario (the "Commissions") stating they agree with the information contained in the Notice. A copy of each letter from BDO and Davidson addressed to the Commissions was filed on SEDAR with a copy of the Notice. There were no disagreements or unresolved issues with BDO on any matter of audit scope or procedure, accounting principles or policies, or financial statement disclosure. It is the Issuer's opinion that there have been no reportable events, (as defined in National Instrument 51-102 (Part 4.11)) between the Issuer and Davidson and BDO did not have any reservation in their auditors' report for the financial statements for the Issuer's last two fiscal years or for any period subsequent to the date the most recent audit report was issued and preceding the date hereof. For full details, see news release dated and issued on January 31, 2019.

2. Provide a general overview and discussion of the activities of management.

The Issuer's management team has remained focused on its objectives and operational goals, and is on track to attain them; while it continues its efforts to raise market awareness, value, enhance the strength and diversity of the Board of Directors and Officers of the Issuer, research and development, and other shareholder outreach initiatives. The Issuer's management also continue to seek new revenue streams and opportunities to develop and increase the stakeholder's value and profitability of the Issuer.

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

**N/A**

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

**N/A**

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

**The Issuer announced that its Board of Directors had approved a change of the Issuer's auditors from BDO Canada LLP to Davidson & Company LLP**

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

**The Issuer announced that due to immediate funding issues unrelated to the Issuer, Agincourt Venture is currently unable to make its equity placement and loan to the Issuer. Management is seeking legal advice with respect to this commitment default.**

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

**N/A.**

8. Describe the acquisition of new customers or loss of customers.

**N/A**

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

**N/A**

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

**The Issuer appointed Mr. Bob Chidgey to the position of VP, Finance.**

11. Report on any labour disputes and resolutions of those disputes if applicable.

**N/A**

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

**N/A.**

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

**N/A**

14. Provide details of any securities issued and options or warrants granted.

Security	Number Issued	Details of Issuance	Use of Proceeds <sup>(1)</sup>
common shares	41,667	deemed price of \$0.45 per common	N/A

(1) . The Issuer entered into an agreement with Cannabinoid Science International Corp. (on August 1, 2017 and an Amended Agreement on January 29, 2018), a company owned and controlled by Mr. Michael Klipper, a Former Related Person of the Issuer. This common share issuance was incentive payment for services pursuant to the Agreement. The Issuer did not receive any cash consideration for this issuance.

15. Provide details of any loans to or by Related Persons.

**N/A**

16. Provide details of any changes in directors, officers or committee members.

**Mr. Kyle Kemper was appointed a director of the Issuer; Mr. Jay Briggs was promoted from VP, Operations to SVP, Operations; and Mr. Bob Chidgey was appointed to the role of VP, Finance. All of which occurred on January 22, 2019.**

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

**The political evolution and progression of the legalities surrounding the use of cannabidiol for medical, and cannabis for recreational purposes, will continue to impact and benefit the product development segment of the Issuer's business. The legalization of cannabis in Canada and California bodes well for the Issuer's plans for expansion.**

## Certificate of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated February 6, 2019

Marcelin O'Neill  
Name of Director or Senior Officer

/s/ "Marcelin O'Neill"  
Signature

Chief Compliance Officer  
Official Capacity

<b>Issuer Details</b> Name of Issuer <b>Alternate Health Corp.</b>	For Month End: <b>January 2019</b>	Date of Report YY/MM/D <b>19/02/06</b>
Issuer Address <b>309-1485 West 6<sup>th</sup> Ave.</b>		
City/Province/Postal Code <b>Vancouver, BC, V6H4G1</b>	Issuer Fax No. <b>604.736.8254</b>	Issuer Telephone No. <b>604.569.4969</b>
Contact Name <b>Marcelin O'Neill</b>	Contact Position <b>Chief Compliance Officer</b>	Contact Telephone No. <b>604.569.4969</b>
Contact Email Address: <b>m.oneill@alternatehealth.ca</b>	Web Site Address: <b>www.alternatehealth.ca</b> <b>www.alternatehealth.com</b>	