

OPEN SOURCE HEALTH CORPORATION

Management's Discussion & Analysis ("MD&A")

For the three months ended December 31, 2013

The MD&A of Open Source Health Corporation. ("OSH" or the "Company") has been prepared by management of OSH and should be read in conjunction with the Company's unaudited financial statements and accompanying notes for the three months ended December 31, 2013 and the Company's audited financial statements for the period from the date of incorporation to September 30, 2013. The financial statements and notes thereto and this MD&A are presented in Canadian currency (unless otherwise noted) and were prepared in accordance with international financial reporting standards ("IFRS").

Forward Looking Information

This MD&A contains certain forward-looking statements and information relating to the Company that is based on the beliefs of its management as well as assumptions made by and information currently available to the Company. When used in this document, the words "may", "will", "anticipate", "plan", "intend", "estimate", "project", "continue", "believe", "estimate", "expect" and similar forward-looking terminology, as they relate to the Company or its management, are intended to identify forward-looking statements. This MD&A contains forward-looking statements relating to, among other things, regulatory compliance, the sufficiency of current working capital and the estimated cost and availability of funding for the continued operation of the Company. Such statements reflect the current views of the Company with respect to future events and are subject to certain risks, uncertainties and assumptions. Many factors could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements.

Although management believes that the expectations reflected in such forward-looking statements are reasonable, all forward-looking statements address matters that involve known and unknown risks, uncertainties and other factors and should not be read as guarantees of future performance or results. Accordingly, there are or will be a number of significant factors which could cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that could cause actual future results, performance or achievements to differ materially include, but are not limited to, our limited operating history, our reliance on key personnel, future capital needs, dependence on proprietary technology and limited protection thereof and general economic trends and international risk. The Company is subject to significant risks and any past performance is no guarantee of future performance. The Company cannot predict all of the risk factors, nor can it assess the impact, if any, of such risk factors on the Company's business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those projected in any forward-looking statements. Accordingly, forward-looking statements should not be relied upon as a prediction of actual results. This MD&A offers a brief overview of some of the risk factors to be considered in relation to the Company's business. This list may not be exhaustive and new risk factors may emerge from time to time. Please see the section "Risks and Uncertainties" for further information. We disclaim any intention or obligation to publicly update or revise any forward-looking statements after distribution of this MD&A, whether as a result of new information, future events or other circumstances, except as may be required pursuant to applicable securities laws.

Overview of the Business

OSH takes a truly patient-centered approach to integrated healthcare for women and is in the business of providing a real-time solution poised for the current healthcare revolution by capitalizing on the latest trends in healthcare: digital health, personalized health, social health and participatory medicine. OSH offers a cloud based integrated framework and tools that enable women to pro-actively manage their own health.

Using state-of-the-art open source technology, the platform will offer access to leading integrative physicians and healthcare professionals by delivering concierge medicine, automatically curating personalized health news from the worlds' most trusted health and medical information sources, publish an open source interface for personal and clinical medical devices to connect to a patient's electronic record storage and an integrated e-commerce store to purchase products, devices, supplements, books and relevant products to each healthcare program offered by the platform. Open Source Health was created in 2013 to address the lack of integrated healthcare options for women and is a collaboration of e-Patients, Healthcare Professionals, Technology and Device Developers.

In the forthcoming 12-month period, OSH intends to accomplish a number of business objectives. During Q2 2014, OSH anticipates building an advisory panel of experienced and insightful consumers of online healthcare services ("**e-Patients**") who, collectively, represent a cross-section of women's health industry segments. Through Q2 and Q3 2014, OSH expects to continue to build both its advisory panel of leading health care experts in each segment of women's health as well as its management team to execute the business plan in the United States. OSH also expects to begin alpha and beta testing components of the platform, including the Personalized Health News, Patient and Healthcare Provider registrations. Testing may include a complete integrative health care program that women may be able purchase from the online healthcare platform, complete with testing protocols, analysis, diagnosis and treatment. In early 2015, OSH anticipates that it will launch its cloud-based platform for the online provision of integrative healthcare services into beta testing the U.S.A., populate the related e-commerce store with products that complement its integrative health care program offerings, and launch a marketing program within the U.S.A. to initiate leads and promote subscriptions to OSH's cloud-based platform.

Principal Products or Services

OSH's principal product or service is a cloud-based platform designed to deliver integrative health care services over the internet. The platform is currently under development which commenced in Q2 2013 and will continue well into 2015 with multiple releases of functionality and integrated healthcare programs for women.

The research and development of the platform is taking place in six stages, starting with the development of the user login, profile and digital health information portal. The next stage is the development of the health care provider profile, description of services and digital information portal. The third stage is the development of online videoconference and consultancy capability so that users can interact with their chosen healthcare experts. Fourth, OSH will develop the billing engines to capture the consultancy fee and perform the automatic disbursement of funds. The fifth stage is the development of an ecommerce store and the shopping cart and the final stage is the development of the HealthGraph API that allows other software developers to integrate their solutions in the integrated healthcare programs being offered by OSH. OSH is relying on a combination of internal and external resources for development of the platform and utilizing a traditional approach of development, alpha and beta test in order to prepare the

platform for launch. Over time, OSH will also work to integrate the billing engines into the systems of health insurers so that payments can be fully automated. Certain regulatory procedures will need to be followed and these procedures differ from province to province and state to state.

As further described below, OSH also intends to participate in the development of a website and a non-scripted, daily 30 minute talk show regarding women's hormone, reproductive and sexual health based upon Sonya Satveit's published research at Hormone Soup ("**Hormone Soup TV**"). Viewers of Hormone Soup TV, delivered through traditional TV programming or delivered on demand from www.hormonesoup.com will be encouraged to visit OSH's website to access OSH's integrative healthcare platform. This will be done through web site URL programing in the show or through a second screen technology that is curated with relevant content, health professionals' profiles, products for sale and social media content. This highly scalable cloud computing platform is OSH's primary product and service.

Subscriptions

It is envisaged that once a user creates her own digital information portal using the symptoms analyzer, she will be able to subscribe to bundled online health services at various service levels. The "Freemium" service level will provide the user with information specifically curated for her personal health situation in an organized style. If premium health information is required by the subscriber then a monthly subscription charge of \$30-60 is expected to be added to the service level. This is information that will be purchased by OSH and resold to premium subscribers.

In addition to information subscriptions, OSH intends to create integrated healthcare programs that can be purchased by the user. These programs will come with testing protocols, devices, a health care team, online consultation services and schedules and access to all the medical data and results. Each program may vary in time, resource and product so pricing will depend on the cost to deliver the service. In the OSH system, it is anticipated that each patient will own her data and will have complete control over how her data is shared among her healthcare professionals, family and researchers.

Consultations with Healthcare Providers

It is envisaged that users will be able to book consultations with a variety of healthcare providers through the OSH network of health professionals. Unrestrained by geographic location, women will be able to choose their provider and level of service from initial consultations with physicians, second opinion requests, counseling services via video, naturopathic doctor consultations, to nutritional and genetic counseling and more. OSH anticipates receiving a 15%-20% fee from all online consultations – such fees may be covered under certain users' health insurance plans.

Third Party Products

OSH's e-commerce store intends to sell products with a 35% - 50% profit margin for third party products such as supplements, sensors and health and wellness devices, women's health products, and books.

Research

Sponsored research is expected to generate significant review as it is intended that the data collected will become the most comprehensive data set on women's hormone and reproductive health globally. OSH will conduct its own research studies producing break through research reports and discoveries for enriching the content for women. In addition to our own research, the data set and analytics research team will package and sell data as well as offer research service to the healthcare and pharmaceutical

industry. Women who wish to contribute their data will individually authorize the release of such data, and data authorized for release will be made available through a dashboard and sold to medical and pharmaceutical researchers. Incentives to release such data for research purposes will be offered to each user in the form of discounts to services and additional freemium access.

Open Source Strategy

OSH supports the open source community as has a number of open source initiative underway. Open Source Software will be utilized and advanced for the overall open source community especially in the PHR/EHR market place (Patient Health Record/Electronic Health Record). Open Health Graph provides an API for other software developers to connect to the platform and deliver integrated healthcare solutions to women. Open Data will be an anonymous dataset that is available for research, such stats and information will be made available for researchers to access this data in an open format. Open Device is a strategy to publish a number of open designs for personal health and medical monitoring devices to the community that interface to the OSH platform and enable a mass market capability of personal devices. The overall Open Source strategy is to establish the platform as an industry standard for delivering integrative health care to many vertical markets over time.

Market and Expansion Strategy

OSH has a four-prong strategy for long term growth: (1) strategic partnership with Hormone Soup Inc. with respect to a health website and a daily TV talk show; (2) provision of integrated healthcare services through the online platform; (3) provision of access to real-time at-home nanotechnology testing; (4) creation of the Hormone Research Institute.

Strategy 1: Strategic Partnership with Hormone Soup Inc.

OSH has entered into an agreement with Hormone Soup Inc., the producer of the women's health web site called Hormone Soup and the co-producer of the TV show called Hormone Soup TV. Under the terms of the agreement, OSH has agreed to advance \$1,500,000 to Hormone Soup Inc. as a pre-paid expense for earned revenue share from subscribers originated by Hormone Soup TV subject to certain conditions. Funds totalling \$50,000 have been advanced to shoot the trailer and cover expenses related to the operation, establishing the final schedule and strategy.

The prepaid advance will be deducted from the cost of sales on earned revenue until the prepaid expense is fully recovered with a 12% hurdle rate agreed to by both parties. After the prepaid expense has been recovered by OSH with the hurdle rate, it is envisioned that revenue share will commence and be paid monthly to Hormone Soup Inc. from all users originated to the OSH platform at a rate of 20% net revenue from such users. The revenue expected to be generated by the show will be shared by Hormone Soup Inc. with the production company and the syndicate management and sales organization that is used to sell the show. Part of incoming revenue generated from the show within the syndicate is intended to be used to produce future shows with the goal to eventually produce 100-150 shows annually and distributed globally at no cost to OSH other than the agreed revenue share from originated clients.

Strategy 2: Provision of Integrated Healthcare Services through the Online Platform

OSH has identified five major trends in the healthcare services market: (1) participatory focus driven by empowered patients; (2) mobile focus in which the point of care is shifting from the doctor's office to the home; (3) electronic focus so that health records and data can be stored and controlled by patients; (4) social focus in which patients are increasingly participating in online forums and social media with

respect to their health; and (5) online delivery of healthcare services. The business of OSH attempts to combine all of these major trends into a consolidated and integrated platform for women, creating the potential to deliver healthcare in an integrated fashion at lower cost and higher quality than via the current medical system.

Viewers of Hormone Soup TV will be encouraged to utilize the OSH platform through the use of a “Second Screen” application that is being developed by Hormone Soup Inc. in concert with the TV show. Research indicates that the majority of television viewers watch TV while using a second screen: laptop, tablet or smartphone. This “Second Screen” is becoming a routine habit among television viewers today. Hormone Soup Inc. has entered into an exclusive Sales and Marketing Agreement with OSH to provide referrals and lead generation. Viewers of the television show will be able to engage with the Second Screen that will be episode-specific and that will sync with the show as the viewer watches. The Second Screen is designed to provide viewers with additional relevant information while watching an episode. When a viewer clicks the “call to action” from the Second Screen, she will be able to be routed to OSH’s website to complete the transaction or information request. The Show may be delivered through traditional TV broadcasters and/or On-Demand through digital channels.

Through the OSH platform, users will have the opportunity to take advantage of a variety of healthcare products and services, which together represent the broad spectrum of expected revenue streams of OSH and are described in detail above:

Subscription Revenues – Subscription at various subscription levels;

Integrated Healthcare Products – Care solutions developed and pre-configured with a care program and including the use of expert integrative healthcare teams, testing protocols, ongoing monitoring and supplements;

Consultation Revenues – Consultations with healthcare providers through the OSH network of health professionals;

Product Sales – Third-party healthcare products such as supplements, sensors and health and wellness devices, women’s health products, and books;

Nanotechnology Sensors – OSH’s white-labeled Nanotechnology Device, Home Lab™;

Administrative Fees – Sponsored research; and

Data and Research Sales – access and sale of the health data accumulated within the system along with use of a data research dashboard to access such data.

The healthcare marketplace globally is estimated to be over \$4 trillion annually and is typically dominated by transition legacy healthcare companies. There are hundreds of technology-based start-ups in the market segment that are focused primarily on delivering functionality within a small segment of the market. No company has emerged to build a leading, fully integrated healthcare platform for women. This creates an opportunistic environment where individual components of the integrated platform may be acquired by OSH if necessary and appropriate.

Strategy 3: Provision of Access to Real-time At-home Nanotechnology Testing

OSH is in negotiations with experts globally around nanotechnology, biochemistry, optical sensing and device development to begin developing a new blood and saliva testing “At-Home” diagnostic

technology. The technology involves a sensor and cartridges developed for specific diagnostic tests and that is easy enough to be used at home. Each sensor cartridge is expected to be good for a one-time use and may contain up to 5 blood tests, allowing the development of very specific types of cartridges based upon women's health needs. The patient places a drop of blood on the sensor cartridge and then places the cartridge into the device. Once operational, the results will be uploaded instantly to the patient's smartphone, tablet and laptop and populate their profile on the OSH healthcare platform. It is intended that the patient will own her own data and be in control of how and with whom to share this data.

The nanotechnology testing device is intended to save valuable time and dramatically reduce the cost of testing that is currently burdening the medical system. Once the patient's healthcare provider has the information, plans can proceed for treatment and further testing thereby eliminating wait time like there is at a traditional lab. A patient can also conduct ongoing monitoring and conduct tests whenever she chooses to monitor her health. For example, thyroid patients typically should have a re-test within weeks of being given new medication. Women planning to get pregnant can monitor their thyroid before, during and after pregnancy. A patient can even test other members of her family with her sensor by purchasing additional cartridges. It is envisaged that the device also achieves cost savings, in that once the patient makes the initial investment of the sensor device, cartridges containing up to five tests each will be available to them at a much lower cost than traditional laboratories charge for the same tests.

Development of the nanotechnology sensor will occur in 4 stages: (1) feasibility; (2) optimization; (3) transfer to production; and (4) full production and regulatory compliance. Once the optimization stage is reached, development will begin for multiple targets.

Strategy 4: Creation of the Hormone Research Institute

OSH is intending to create the Hormone Research Institute ("**HRI**") to ensure accurate and current information is available to women on a timely basis so that they can better manage their health. HRI's purpose is two-fold: to provide much needed primary research in the area of women's hormone health throughout her lifespan; and to provide trusted secondary research by building a variety of topics of interest using third-party technology and publishing the results into a trusted digital newspaper based on a topic of interest.

HRI intends to fund primary research and will utilize various sources of funding resources as well as crowd-sourced cohorts, including offering OSH users the opportunity to volunteer in clinical trials. As a function of the secondary research, HRI also plans to pre-build interest graphs of women's health issues that can be adopted into users' individual personal digital portals. In support of Hormone Soup TV, HRI also plans to provide this content for the television show and the Second Screen (as defined below) which will then drive traffic to the platform.

The Hormone Research Institute also intends to cultivate statistical reports from the large amounts of data shared on OSH and through the nanotechnology sensor and other devices' information uploaded to the platform.

Strategies and Outlook

The Company is in the process of raising capital to execute its growth strategy, continued development of its subscriber based website, medical professionals, and nano-based technologies.

On August 27, 2013, the Company entered into a non-binding letter of intent with Sunshine Capital Corporation ("Sunshine") to complete a going-public transaction. The transaction closed on January 31,

2014 by way of a reverse takeover whereby the Company become a wholly owned subsidiary of Sunshine. Upon completion of the proposed transaction, the holders of common shares of the Company received one unit for each common share held. Each unit comprised of one freely tradable Sunshine common share, and one half Sunshine common share purchase warrant. Each purchase warrant has an exercise price of \$0.85 and a term of 12 months from the date of closing.

The Company will be considered the purchaser under IFRS accounting rules. Accordingly, subsequent to the transaction, the financial statements will record the purchase of OSH under purchase accounting. The disclosure for share capital will be amended to reflect OSH's equity.

Operating Results

	For the three months ended
	December 31, 2013
Total assets	577,346
Total liabilities	149,323
Total equity	428,023
Selling, general and administrative expenses	227,140
Depreciation and amortization	39,583
Net and comprehensive loss	266,742

Highlights

- The Company ended the first quarter with a working capital position of approximately \$71,773.
- The Company continued to work towards completing going-public transaction with Sunshine, pursuant to the non-binding agreement signed on August 27, 2013. The transaction closed January 31, 2014.
- In October 2013, the Company issued 50,000 common shares and 50,000 warrants for consideration of \$23,400 net of commissions.

Summary of Operations

	Three months ended December 31, 2013
Revenues	-
Selling, general and administrative expense	227,140
Depreciation and amortization expense	39,583
Net and comprehensive loss	266,742

Revenue

The Company was recently incorporated in March 2013, and therefore, has not earned significant revenues to date. The primary focus will be on building and expanding its revolutionary healthcare system.

Expenses

Selling, general and administrative

Selling, general and administrative expense represents the general expenses required to promote the OSH brand. Also included are general office expenses including accounting, legal and office fees.

Selling, general and administrative expense for the three month period ended December 31, 2013 is \$227,140. The prior period is not applicable given the Company's formation in March 2013. The majority of the expenses are attributed to executive consultant compensation, professional fees, and travel. Executive consultant fees relate to the expertise required to commence operations, complete the going-public transaction, raise capital, and expand operations.

Selling, general and administrative fees are expected to increase in future periods as Company acquires the staff and resources required for expansion. Legal costs are expected to increase temporarily, but should decrease after the anticipated going public transaction as discussed in the "Subsequent Events" section.

Research and development

Research and development expense represents the cost of developing and operating social media website. The Company has not incurred any significant expense in the three months ended December 31, 2013. However, the Company is in the process of developing its technology platform, and it is anticipated that this expense will become significant in future periods as the technology is introduced into the market.

Depreciation and amortization

The Company acquired intellectual property valued at \$475,000 in April 2013 from its majority shareholder and executive officer. Accordingly, depreciation and amortization expense for three month period ended December 31, 2013 is \$39,583, and attributed to the amortization expense incurred on the above mentioned intangible property.

As the Company introduces its online platform, this expense is expected to increase marginally in future periods as the equipment required to operate the technology is purchased.

Summary of Quarterly Results

The following table highlights select unaudited financial information, presented in Canadian dollars. The Company's quarterly operating results have varied in the past and may vary substantially in the future. Accordingly, the information below is not necessarily indicative of results for any future quarter.

For the three months ended	December 31, 2013	September 30, 2013	June 30, 2013
Revenues	-	-	-
Expenses	266,742	171,099	242,407
Net and comprehensive loss	266,742	171,099	242,407
Net and comprehensive loss per share	\$0.04	\$0.03	\$0.05

Liquidity and Capital Resources

The Company's main sources of financing for current operations are from equity contributions. The Company anticipates requiring additional capital to expanding its operations and drive revenue generation.

The Company entered into a non-binding letter of intent with Sunshine to complete a going-public transaction. Management expects the going-public transaction will allow the Company to raise capital necessary to expand its operations.

Management will monitor the capital resources of the Company. Should management determine that additional resources are required, the Company will raise proceeds by entering into loan agreements or raise equity financing. While the Company will use its best efforts to raise capital as needed, the Company may be unsuccessful in its ability to raise additional capital, and may affect its ability to meet its ongoing obligations.

Commitments, Contingencies and Off-Balance Sheet Arrangements

The Company has no commitments for capital expenditures, no contingencies and no off-balance sheet arrangements.

Outstanding Share Data

The following Common Shares and convertible securities of the Company are issued and outstanding as at the date of this report:

Common Shares – issued and outstanding	9,034,221
Stock options – vested and unvested	565,000
Warrants	7,083,278
Finder option units	(1) 194,160

(2) Each finder option unit entitles holder to purchase one common share and one additional warrant.

Transactions with Related Parties

The Company has transactions with related parties. These transactions are in the normal course of operations and are measured at their exchange value, which approximates the fair market value as with any third party.

The amounts due from (to) related parties as at:

	December 31, 2013	September 30, 2013
Due to company controlled by a director and shareholder (1)	12,435	33,535
Due to director and executive officer shareholder (2)	33,645	31,389
Prepaid expense to company related to an executive officer (3)	50,000	50,000

Notes:

- (1) This balance represents unpaid executive consultant fees and out of pocket expenses to Pilkington Capital Corporation, a corporation 100% owned by Gary Bartholomew, Executive Chairman.
- (2) This balance represents unpaid executive consultant fees and out of pocket expenses to Sonya Satveit, Chief Executive Officer.
- (3) The Company has prepaid \$50,000 to a company related to an executive officer (Ms. Satveit). This amount represents the first instalment of total payments of \$1,500,000 to be used for the production of the first thirty episodes of a television show on women's health issues.

Investor Relations Activities

OSH does not have any investor relations arrangements.

Financial Instruments

All financial assets are classified either held for trading, held-to-maturity investments, loans and receivables or available-for-sale. Also, all financial liabilities are classified as either held for trading or other financial liabilities. All financial instruments are initially recorded on the balance sheet at fair value. After initial recognition, financial instruments are measured at the fair values, except for held-to-maturity investments, loans and receivables and other liabilities, which are measured at amortized cost.

The Company's financial assets and liabilities are classified and measured as follows:

<u>Asset/Liability</u>	<u>Classification</u>	<u>Measurement</u>
Cash	Loans and receivables	Amortized cost
Accounts receivable	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loans payable	Other financial liabilities	Amortized cost

Litigation/Indemnification

The Company does not anticipate or foresee at this time any basis for any intellectual property proceedings being instigated by other parties against the Company or by the Company against other parties.

While the Company is not a party to any legal proceedings, the intellectual property industry is extremely competitive. There can be no assurance that in the future, the Company will not be subject to allegations concerning the status or validity of the Company's intellectual property.

Subsequent Events

On January 31, 2014, the Company completed a qualifying transaction via reverse takeover of Sunshine Capital Corporation ("Sunshine"). The Company became a wholly owned subsidiary of Sunshine. The holders of common shares of the Company received one unit for each common share held. Each unit comprised of one freely tradable Sunshine common share, and one half Sunshine common share purchase warrant. Each purchase warrant will had an exercise price of \$0.85 and will have a term of 1 year from the date of closing. The proposed transaction was an arm's-length transaction.

Subsequent to December 31, 2013, the Company issued 1,477,000 common shares for consideration of \$679,420 net of commissions in a private placement offering. The share issuance included 1,477,000 warrant units, which entitles the holder to acquire one common share for \$0.60. All warrants expire January 20, 2016.

Agents of the private placement collectively received 118,160 finders options. Each option, for a period of one year, entitles the holder to purchase one finders unit of OSH at a price of \$0.50 per unit, each unit being comprised of one common shares of OSH and one share purchase warrant entitling the holder to purchase one OSH share at a price of \$0.50 per OSH share for a period of two years from issuance.

Subsequent to period end, in January 2014, an officer and original founder of the Company made a cash contribution of \$7,333 as contributed surplus.

Disclosure Controls and Procedures and Internal Controls over Financial Reporting

The Company is held privately, and has not been required to certify the design and evaluation of the Company's disclosure controls and procedures or internal controls over financial reporting, and the Company has not completed such an evaluation. Inherent limitations on the ability of the certifying officers of the Company to design and implement, on a cost-effective basis, disclosure controls and procedures or internal controls over financial reporting for the Company may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

Risks and Uncertainties

Given the speculative nature of the business of the Company, an investment in the Common Shares should only be considered by those persons who can afford a total loss of their investment. The risks presented below should not be considered to be exhaustive and may not represent all of the risks that the Company may face. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Additional risks and uncertainties not presently known to the Company or that the Company currently deems immaterial may also impair the Company's business operations. If any of the risks described below occur, the Company's business, financial condition, liquidity and results of operations could be materially harmed:

Limited Operating History and Sales

The Company has a limited operating history on which to base an evaluation of its business, financial performance and prospects. As such, the Company's business and prospects must be considered in light of the risks, expenses and difficulties frequently encountered by companies in the early stage of development. As the Company is in an early stage and is introducing new products, the Company's revenues may be materially affected by the decisions, including timing decisions, of a relatively consolidated customer base. In addition, it is also difficult to evaluate the viability of the Company's services because the Company has had limited experience to address the risks, expenses and difficulties frequently encountered by companies in their early stage of development, particularly companies in new and rapidly evolving markets such as the Company's target markets. There can be no assurance that the Company will be successful in addressing these risks, and the failure to do so in any one area could have a material adverse effect on the Company's business, prospects, financial condition and results of operations.

No Assurance of Profitability

The Company is in the process of commencing operations. The Company cannot give assurances that it will not incur net losses in the future. The limited operating history makes it difficult to predict future operating results. The Company is subject to the risks inherent in the operation of a new business enterprise in an emerging business sector, and there can be no assurance that the Company will be able to successfully address these risks.

Future Capital Needs; Uncertainty of Additional Funding

The Company may not be able to fully implement and execute its business strategy without additional financing. There can be no assurance that such additional financing will be available, and if available, there can be no assurance that the cost of obtaining such financing will be on favourable or reasonable commercial terms or that financing will not result in substantial dilution to the Company's shareholders.

Dependence on Key Personnel

The Company's future success depends on its ability to retain key employees and attract, train, retain and successfully integrate new talent into its management team. The Company's success is highly dependent on its continuing ability to identify, hire, train, motivate and retain appropriate personnel. Competition for these personnel can be intense, and the Company cannot provide assurance that it will be able to attract or retain them. To do so, it may be necessary for the Company to materially increase the compensation it pays.

Management of Growth

The Company may experience a period of significant growth in the number of personnel that will place a strain upon its management systems and resources. Its future will depend in part on the ability of its officers and other key employees to implement and improve financial and management controls, reporting systems and procedures on a timely basis and to expand, train, motivate and manage the workforce. The Company's current and planned personnel, systems, procedures and controls may be inadequate to support its future operations.

Strategic Partners

The Company may enter agreements with strategic partners to provide innovative health care monitoring technologies to the market. There is no assurance that strategic partners will meet their obligations, and will be successful in developing these innovative technologies, or be successful in improving the technologies to maintain market acceptance.

Competition

While the Company is targeting a large market with new innovative technology, there can be no assurances that competitors will not adopt a similar strategy and attempt to enter the market that the Company has targeted.

Dependence on Proprietary Technology and Limited Protection Thereof

The Company will be relying on a combination of trademark, copyright, patent and trade secret law, as well as confidentiality restrictions contained in certain confidentiality agreements, to establish and protect the Company's proprietary rights in its intellectual property. As a result, the Company may not be able to adequately prevent a competitor, business partner or customer from creating or obtaining an illegal copy of its software or otherwise using it for inappropriate purposes such as reverse-engineering.

General Economic Trends

The worldwide economic slowdown and tightening of credit in the financial markets may impact the business of the Company's customers, which could have an adverse effect on the Company's business, financial condition, or results of operations. Adverse changes in general economic or political conditions in any of the major countries in which the Company does business could also adversely affect the Company's operating results.

Asset Location and Legal Proceedings

Substantially all of the Company's assets are located in Canada where intellectual property is generally enforced. The Company expects to have consumers and assets located outside of Canada. Accordingly, the Company may be subject to legal proceedings and judgments in foreign jurisdictions.

Risk Associated with Foreign Operations in Developing Countries

The Company's primary revenues are expected to be achieved initially in North America. However, the Company may expand to markets outside of North America, and become subject to risks normally associated with conducting business in a developing country. The Company cannot predict government positions on such things as foreign investment, intellectual property rights or taxation. A change in government positions on these issues could adversely affect the Company's business.

Market Acceptance

The Company's ability to gain and increase market acceptance depends upon its ability to establish and maintain its brand name and reputation. In order to do so, substantial expenditures on product development, strategic relationships and marketing initiatives may be required.

Rapid Technological Change

The health care industry is characterized by rapid technological change, changes in user and customer requirements and preferences, frequent new product and service introductions embodying new technologies and emergence of new industry standards and practices that could render the Company's existing products and systems obsolete and can exert price pressures on existing products. It is critical to the Company's success that it be able to anticipate and react quickly to changes in technology or in industry standards and successfully develop and introduce new, enhanced and competitive products on a timely basis. The Company cannot give assurance that it will successfully develop new products or enhance and improve its existing products, that new products and enhanced and improved existing products will achieve market acceptance or that the introduction of new products or enhanced existing products by others will not render the Company's products obsolete. The process of developing new technology is complex and uncertain, and, if the Company fails to accurately predict customers' changing needs and emerging technological trends, its business could be harmed. The Company must commit significant resources to developing new products before knowing whether its investments will result in products the market will accept. To remain competitive, the Company may be required to invest significantly greater resources than currently anticipated in research and development and product enhancement efforts, and result in increased operating expenses.

Product Defects and Reputation

The Company will continue develop its online technology platform and introduce innovative new healthcare monitoring technologies. Such products may contain errors or hidden defects that may significantly impact the user experience. The Company may not be able to correct the defects in a timely manner, and may lead to a loss of or a delay in market acceptance. In addition, such errors or hidden defects could cause adverse damage its reputation and impair its ability to acquire new consumers. In addition, the Company may need to make significant expenditures to eliminate defects from its products. As well, errors and defects and could lead to claims for liability or other claims involving costly litigation.

Risks Associated with Acquisitions

As part of the Company's overall business strategy, the Company anticipates pursuing select strategic acquisitions that would provide additional product or service offerings, additional industry expertise, and a stronger industry presence in both existing and new jurisdictions. Future acquisitions may expose it to potential risks, including risks associated with: (a) the integration of new operations, services and personnel; (b) unforeseen or hidden liabilities; (c) the diversion of resources from the Company's existing business and technology; (d) potential inability to generate sufficient revenue to offset new costs; (e) the expenses of acquisitions; or (f) the potential loss of or harm to relationships with both employees and

existing users resulting from its integration of new businesses. In addition, any proposed acquisitions may be subject to regulatory approval.

Electronic Communication Security Risks

A significant potential vulnerability of electronic communications is the security of transmission of confidential information over public networks. Anyone who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in its operations. The Company may be required to expend capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches.

Data Transmission

The Company transmits the majority of the content of its client relationship management software as a service over the Internet. If the Company experiences transmission failures or limited transmission capacity on the Internet or other data networks the Company may use, it may be unable meet its commitments.

Insurance Coverage

The Company will require insurance coverage for a number of risks, including business interruption, environmental matters and contamination, personal injury and property damage. Although the Company believes that the events and amounts of liability covered by its insurance policies will be reasonable, taking into account the risks relevant to its business, and the fact that agreements with users contain limitations of liability, there can be no assurance that such coverage will be available or sufficient to cover claims to which the Company may become subject. If insurance coverage is unavailable or insufficient to cover any such claims, the Company's financial resources, results of operations and prospects could be adversely affected.

Tax Risk

The Company will be considered to have been carrying on business in Canada for purposes of the *Income Tax Act* (the "**Tax Act**"). There is risk that foreign governments may look to increase their tax revenues or levy additional taxes to level the playing field for perceived disadvantages to the traditional brick and mortar business. While the Company does not foresee any adverse tax affects, there is no guarantee that governments will not impose such additional adverse taxes in the future.

Risks in Foreign Jurisdictions

The health care industry is becoming increasingly significant due to demographics and increasing costs. The Company anticipates that a significant consumer base will be located outside Canada. International business activities entail additional risks such as uncertainty as to the protection and use of intellectual property, partnership risks, political risks, legal and regulatory risks, the risk of increase in taxes (including value added taxes) and trade barriers. Furthermore, as profits of foreign subsidiaries are taxable under foreign income tax legislation revenues from foreign operations could be adversely impacted.

Currency Fluctuations

Due to the Company's present operations, and its intention to in the future operate in jurisdictions outside Canada, the Company is expected to be exposed to significant currency fluctuations. Recent events in the global financial markets have been coupled with increased volatility in the currency markets. A substantial portion of the Company's revenue could be earned in US dollars, while a substantial portion of its operating expenses are incurred in Canadian dollars. Fluctuations in the exchange rate between the US

dollar and other currencies may have a material adverse effect on the Company's business, financial condition and operating results. The Company intends to expand operations globally so it may be subject to additional gains and losses against additional currencies. The Company does not currently have a foreign exchange hedging program in place. However, in the future, it may establish a program to hedge a portion of its foreign currency exposure with the objective of minimizing the impact of adverse foreign currency exchange movements. However, even if the Company develops a hedging program, it may not hedge its entire exposure to any one foreign currency and it may not hedge its exposure at all with respect to certain foreign currencies.

Fluctuations in Quarterly Results

The Company's quarterly operating results may fluctuate significantly in the future depending on factors such as the ability to attract consumers, progress on implementation of projects and upgrades, the number, timing and significance of new product announcements by the Company and its competitors, the ability to license and develop innovative technologies, introduce and market new and enhanced versions of products on a timely basis, changes in operating expenses, and general economic factors, among others. A significant portion of the Company's expenses are based on expectations of future revenue and, therefore, is relatively fixed in the short-term. Accordingly, if revenue levels are below expectations, operating results are likely to be adversely affected. As quarterly revenue is dependent upon building a significant consumer base, the inability to earn revenues could cause the Company to plan or budget inaccurately, and those variations could adversely affect its financial results.

Officer and Director Conflicts

The Company's officers and directors may have certain interests and arrangements that are different from, or in addition to the Company's shareholders. Executive officers and directors may have rights to indemnification including directors' and officers' liability insurance that will survive consummation of their agreements.

Legal Claims and Contingent Liabilities

There were no material legal claims or contingent liabilities outstanding.