

Dear Fellow Shareholders:

Before I discuss 2017, I want to say how proud I am of our company and its people. This past year was one of constant change, and our management team and employees never wavered. Each remained steadfast in our commitment to do the best we can for you. As a start-up company, we accomplished an extraordinary amount in challenging times and positioned ourselves for future growth and success.

In April 2017, Alternate Health restructured its Board of Directors, bringing in talented individuals with fresh vision for the company, and four months later, the new Board removed its top management team and named me CEO of the company. Young, aggressive managers were hired, and with their help, we looked at Alternate Health through critical eyes. We asked the hard questions of who we are as a company and developed a clear vision of where we want to be in the next year, five years, and ten years.

In formulating this business plan, we had to significantly modify our initial strategies and adapt to changing external factors. Attorney General Jeff Sessions issued statements leading the cannabis industry to believe increased regulation, scrutiny, and enforcement actions were imminent in the United States. This threat of prosecution and legal uncertainty led us to re-evaluate our plans in light of increased risks in the United States markets. Additionally, disruptive changes in our clinical laboratory business forced the restructure of Alternate Health Labs from a reference laboratory to a laboratory that accepted specimens from Medicare and other federally-insured patients. Since many independent laboratories were restructuring in the same manner, federal specimens were difficult to obtain, delaying our efforts.

With each change, we adjusted. Through disciplined decisions, we simplified our business model. We stopped pursuing areas that no longer worked and focused our attention on areas that create value for our shareholders. The positive result of these efforts is that we strengthened Alternate Health and better positioned it to take advantage of future opportunities. In the negative, substantial write-downs in value of some of our original acquisitions were required.

These write-downs may come as a surprise. For this, I am sorry. While we stand behind our public statements, I believe we can and should provide more frequent and thorough updates. I have come to understand from fellow shareholders that amidst all the change you would like more commentary on the company's direction from both a short-term and long-term perspective. I fully agree and pledge to share my thoughts on the company's goals and strategic path going forward.

In this spirit, let me outline our current plan as it relates to the growth and diversification of the company. From a practical standpoint, the company is moving in two distinct directions with its services and products. One division focuses on the cannabinoid and cannabis space in the Canadian market and legal state markets in the United States. Our merchant account services, clinical laboratory, and other non-cannabis assets compose a second division. However, one management team operates both lines of operations. A major part of our strategic business plan is to separate these divisions and promote or hire one senior executive to run cannabis operations and a second senior executive to run non-cannabis operations of the company. We believe well-qualified, experienced leadership in each division will allow greater management focus and create the ability to commercialize product offerings more effectively in their respective markets. Our capital can then be invested in the most efficient ways to develop product lines and grow our company.

Spin Off of Independent Public Company

Cannabis companies face restrictions to listing on major exchanges in the United States due to the legal status of cannabis under United States federal law. The Board recently authorized me to investigate spinning off the non-cannabis division of Alternate Health into an independent, publicly-

traded company. The structure of this spin-off will be determined after careful consideration of legal and tax effects with our primary focus being how to maintain shareholder value. Two separate public companies would be created. Alternate Health would continue to be listed on the Canadian exchange and the spin-off company would be listed on a major United States exchange. As we proceed, we will keep you informed and provide more details on how the spin-off will work and how it will affect you as investors. After the spin-off, Alternate Health would continue to own assets related to cannabinoid and cannabis sales, CanaPass, Statepass, and other cannabis-related assets, and the spin-off company would hold non-cannabis merchant account services, block chain technology, utility coin, the clinical laboratory, and non-cannabis assets.

The benefits to shareholders would be immense. First, Alternate Health would have the ability to fully engage in the medical marijuana markets in Canada and the United States without affecting our ability to list the spin-off company on a major United States exchange. Second, the ability to fully enter the recreational cannabis market would generate revenues and growth for Alternate Health. Third, by spinning off the non-cannabis assets, the spin-off company would be given the flexibility it needs, without legal restrictions, to take advantage of our opportunities in the merchant account services and clinical laboratory industries. Finally, each company would be able to focus on and pursue strategic priorities specific to their core businesses and be in better positions to compete in their respective markets. Both companies will be positioned to generate strong cash flow, and we are confident this separation will enhance the value of both companies.

CanaPass and StatePass

Alternate Health continues its aggressive expansion plan of its industry-exclusive electronic medical records (EMR) system in Canada, Florida and New York. CanaPass and StatePass represent an exciting opportunity for Alternate Health to build a strong source of revenue and continue establishing itself as a best-in-class company in healthcare technology and data aggregation. Our technology is valuable because it links qualified patients to an e-commerce store where they can order approved cannabis products and automatically report those purchases back to their prescribing physician. CanaPass and StatePass will record the patient's medical diagnosis, the cannabis product they are consuming, and the medical outcomes of the patients' cannabis treatment based on the physician's documentation within the EMR platform. Not only will CanaPass and StatePass generate revenue by charging dispensaries a fee to list their products on the e-commerce store, but by aggregating and analyzing product-specific feedback across thousands of patients over time, each platform will be able to statistically determine which cannabis products are more effective for specific diseases and symptoms. This level of clinically-based outcome data is unprecedented in the global cannabis industry and will allow Alternate Health to create a valuable database that can be used by product development companies, research organizations, and by physicians and patients seeking guidance on disease-specific cannabis treatments. As the medical cannabis industry continues to develop throughout the United States and Canada, Alternate Health will be well positioned to capture a significant share of the market and pursue additional vertical growth opportunities.

CanaPass was the chosen EMR system for National Access Cannabis (NAC), one of the largest cannabis clinic chains in Canada. Through its relationship with NAC, Alternate Health has registered a significant population of medical cannabis patients in the provinces of Ontario, British Columbia, Alberta, Saskatchewan, and Nova Scotia with over 5,000 patients currently active on the CanaPass EMR. Alternate Health will be establishing strategic relationships with key licensed producers in Canada to facilitate the online ordering of medical cannabis for these patients, which will generate sales revenue for the company and complete the end-to-end data feedback loop.

Alternate Health onboarded several key clinics in the Florida medical cannabis market and continues to register additional physicians from the company’s wait list. With strong partners like CannaMD and Compassionate Care Clinics of America, we anticipate rapid growth in the number of active patients on the Florida StatePass system. The company has identified multiple dispensaries, known as medical marijuana treatment centers (MMTCs) that will be eligible to list their cannabis products for sale to these patients through the StatePass e-commerce store, resulting in an anticipated sustainable revenue stream.

Alternate Health is working with state regulators and prominent research institutions in Florida in an effort to become the primary source of data for medical cannabis research and education. As Florida StatePass becomes recognized as a valuable data resource available for physicians and ancillary providers, we anticipate building a strong case to gain approval as the EMR and e-commerce system of record for the state. Should our system secure this endorsement and become the sole EMR and e-commerce software platform in Florida, Alternate Health will have the opportunity to maximize revenue, gain invaluable data and begin lobbying for approval as the system of record in additional states.

New York represents an exciting opportunity for Alternate Health, as we made significant inroads with several top cannabis physicians and clinic chains since announcing our launch in the state. Initial response to New York StatePass has been overwhelmingly positive and Alternate Health is positioned to realistically capture close to 30% of the entire state’s medical cannabis market by the fourth quarter of 2018. MedMen, one of the five active dispensary groups in New York that plan to list products for sale on New York StatePass, is a strategic initial alliance for Alternate Health, as it recently announced its intent to go public and will be traded on the CSE alongside Alternate Health later this year. We will pursue agreements with other New York dispensaries in order to establish additional revenue streams and expand product offerings to New York StatePass patients.

As a result of the company’s hard work in Canada, Florida and New York, Alternate Health anticipates that the total patients registered on CanaPass and StatePass will grow to over 45,000 in the next 6 months.

Projected CanaPass and StatePass Patients by Geographic Market

	Currently Registered	Onboarding	<30 days	<90 days	<6 months	Total
<i>Canada</i>	5,066		150	300	500	6,016
<i>Florida</i>	529	1,100	2,000	3,000	7,000	13,629
<i>New York</i>		1,800	3,400	11,000	10,000	26,200
Total	5,595	2,900	5,550	14,300	15,500	45,845

In addition to Canada, we see tremendous potential in the Tri-State area of New York, New Jersey, and Massachusetts. With the approval of legalized adult-use cannabis in Massachusetts, anticipated approval in New Jersey and the accelerated expansion of medical cannabis in New York, these markets are poised for explosive growth. The Tri-State area represents a strategic opportunity to expand our geographic footprint from New York into neighboring states, and we have begun developing key relationships with state regulators, industry leaders, physicians and dispensaries in these states. As

Alternate Health continues adding physicians, patients and providers to the systems and develops new markets, our revenue potential grows, both in terms of e-commerce transactions and data monetization.

Alternate Health is in the process of building out a comprehensive data and analytics platform to provide important information on dosage, delivery method, efficacy, and side-effects of medical cannabis for physicians, researchers and regulatory agencies. Industry leaders have expressed their excitement to have access to this key data and have shared how they believe it will revolutionize the medical cannabis industry in terms of product development and personalized treatment.

Blockchain Technology

Alternate Health has developed a highly advanced payment system in response to a fundamental challenge in the United States cannabis industry. Due to continued prohibition at the federal level, many industry organizations struggle to obtain a bank accounts let alone pay their taxes. This has led to a largely cash-based economy, full of costly inefficiencies.

Our solution to these issues started with the acquisition of our blockchain-enabled e-wallet and the Zi App blockchain payment system. Alternate Health's IT team, in partnership with SYB, fused Zi App and the mobile wallet together and equipped the completed software platform with a fixed-exchange utility token. The end result is a payment system that processes fully compliant merchant and consumer transactions while benefitting from the security, transparency and reliability of blockchain technology, without the complications and volatility of a cryptocurrency. The Zi App token's fixed one-to-one exchange value signals our intention not to offer tokens as a security or investment asset but rather to concentrate our technology on using a utility token to facilitate swift and reliable digital transactions.

Alternate Health's first implementation of the payment system in the cannabis industry is the CanaPass and StatePass e-commerce platforms where patients will have the ability to securely purchase their medical cannabis online in a seamless transaction. We are in the process of making our payment gateway and merchant account services available in point of sale (POS) systems in marijuana dispensaries across the country. The unique ability of our payment system to facilitate transactions in this high-risk and heavily regulated industry generated strong response from leading cannabis companies including National Access Cannabis (NAC), MedMen, and others we anticipate announcing in coming months.

Zi App's ability to effectively manage transaction costs as a merchant account system and payment gateway is particularly advantageous not only to the cannabis industry but to any industry that has traditionally been viewed as "high-risk" or "hard to bank" and is subsequently forced to pay significantly higher transactions costs. Common high-risk industries include multi-level marketing, lending companies, money service businesses, and any business with recurring payments, annuities, or membership fees. Companies operating in these industries are faced with a higher risk of chargeback and account reversals, which can be difficult to resolve and expensive to manage. Traditional payment systems pass the risk associated with these costs to retailers through steep rates on merchant account and payment gateway services.

Alternate Health initiated strategic talks in several key industries and there is a great deal of excitement about the ability of our payment system to significantly mitigate the risk of chargebacks and account reversals. We expect to begin testing Zi App's payment technology with companies in the travel, lending and multi-level marketing industries within the next 90 days and expand our platform to additional companies and industries. High risk industries represent more than \$2.6 trillion in sales annually, and with Zi App's innovative software and low-cost rates, we expect to capture a meaningful share of

transaction revenue. The chart below offers greater insight into the potential market size and revenue opportunities of a sample of nine major high-risk industries.

Zi App Industry Projections * (US only)

* <https://www.ibisworld.com/industry-trends/market-research-reports/>

Sample Industries	Market Size	3% Mkt Share	Ave. 2% Margins
Peer-To-Peer Loans	\$1,000,000,000,000	\$30,000,000,000	\$600,000,000
Life Insurance	\$977,000,000,000	\$29,310,000,000	\$586,200,000
Commercial Lease	\$210,000,000,000	\$6,300,000,000	\$126,000,000
Apartment Rentals	\$163,000,000,000	\$4,890,000,000	\$97,800,000
MLM Marketing	\$150,000,000,000	\$4,500,000,000	\$90,000,000
Cable Providers	\$104,000,000,000	\$3,120,000,000	\$62,400,000
Car Rental	\$40,000,000,000	\$1,200,000,000	\$24,000,000
Truck Rentals	\$19,000,000,000	\$570,000,000	\$11,400,000
Tool & Equip Rental	\$3,000,000,000	\$90,000,000	\$1,800,000
Totals	\$2,666,000,000,000	\$79,980,000,000	\$1,599,600,000

Alternate Health is dedicated to continuously improving its blockchain technology, and we are excited about the progress we have made and the new innovations being explored.

Life Sciences

We have been making strategic moves to establish a strong presence in the legal cannabis market through our Life Sciences division. Alternate Health is in the process of developing key capabilities through existing agreements with our strategic partners and, should plans for the spinoff proceed as outlined previously, we will have the ability to begin operating as a vertically integrated cannabis company from cultivation to manufacturing to distribution. We are vetting several opportunities and see great potential for our shareholders.

The primary opportunity we will be pursuing is through our relationships with the Alturas Indian Tribe. Alturas has well-established cultivation facilities at their primary location in northern California. This region is ideally suited for cannabis cultivation, and Alturas has demonstrated its ability to produce healthy amounts of high-quality cannabis flower. Alternate Health is reactivating and finalizing an agreement with tribal leaders from early 2017 in which each party has the ability to share in the profit of manufacturing and distributing premier cannabis products.

Initial product offerings for Alternate Health’s Life Sciences products will consist of dried cannabis flower and extracted concentrate. Through our planned retail distribution channels, we anticipate extremely low operational expenses and minimal capital investment. The profit sharing agreements we have negotiated with our cultivation and retail partners allow all parties to benefit from new revenue sources and simultaneously increase productivity in existing verticals.

Our implementation strategy includes leveraging existing relationships with state regulators to expedite required licensing, establishing in-house manufacturing and packaging capabilities at a secondary location owned by Alturas, developing highly efficient logistics and inventory management systems, and retrofitting existing software platforms to facilitate end-to-end online ordering and fulfillment services.

Alternate Health Labs

Alternate Health Labs is a full-service laboratory that performs hematology, chemistry, toxicology, and allergy testing. The lab was brought into Alternate Health as a source of ongoing revenue while we developed other long-term initiatives. This plan for capitalization was successful until the summer of 2017 when Alternate Health Labs was impacted by disruption of its referral sources to the detriment of its reference lab model. To address this change, Alternate Health Labs was restructured as a Medicare laboratory. We are in the process of aligning ourselves with strategic partners that strengthen our position in this market by providing multiple sources of federally-insured laboratory specimens, allowing for diverse, organic growth. We plan to significantly expand our sales force and place phlebotomists in high-volume physician clinics and large group practices to service these accounts. A significant portion of our future growth will be based on wellness testing for Medicare patients and toxicology testing in response to the opioid epidemic in the United States.

Alternate Health Labs hired a full-time laboratory director with excellent credentials and experience. Under his direction, we revitalized our laboratory policies and procedures, retrained our staff, and aggressively cut costs. Through hard work, we have restructured Alternate Health Labs and are optimistic about its ability to gain patient referrals, generate a revenue stream, and return to profitability.

Financial

We are in the process of preparing representative prospectuses and other disclosures for our proposed spin-off which will require shareholder approval. Separating the companies will materially affect our financial projections for 2018. For this reason, I would like to retract previously reported projections for 2018 and, in the near future, issue revised projections for the new companies. We will for the first-time report projections for individual business lines as opposed to the company as a whole. Our goal is to make these projections available to you in six to eight weeks.

In Closing

Trust is defined as a firm belief in the reliability, truth, ability, or strength of someone or something. It develops over time and is definitely earned. I, Alternate Health's Board, and staff will work as hard as possible to garner your respect and trust as we move forward into 2018. As a fellow shareholder, I am fully committed to the success of Alternate Health. Throughout 2017, I bought additional shares of the company, and, through this time, I never sold a share, nor have I accepted a salary for my work as CEO. Until we achieve consistent revenue for the company, I will continue to defer my salary and stand beside you only as a shareholder of an exciting, innovative company. The future is bright, and I look forward to sharing our progress as the year unfolds.

Michael L. Murphy, MD
Chairman and Chief Executive Officer

April 30, 2018

*This Letter contains forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance, or achievements of the company to be materially different from any future results, performance, or achievements expressly stated or implied by such forward-looking statements. Investors should review the risk factors laid out in Management Discussion and Analysis of Alternate Health Corp. for the year ended December 31, 2017 dated April 30, 2018.