

Financial Statements of

ALTERNATE HEALTH CORP.

December 31, 2015

(Expressed in Canadian Dollars)

ALTERNATE HEALTH CORP.

Financial Statements

December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Alternate Health Corp.

We have audited the accompanying financial statements of Alternate Health Corp., which comprise the statement of financial position as at December 31, 2015 and 2014, and the statements of loss and comprehensive loss, changes in equity and cash flows for the years, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT (continued)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Alternate Health Corp. as at December 31, 2015 and 2014, and its financial performance and its cash flows for the years in accordance with International Financial Reporting Standards .

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the financial statements which describes certain conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Scarrow Yurman & Co, CPA Professional Corporation

Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

Markham, Ontario
April 28, 2016

ALTERNATE HEALTH CORP.

Statement of Financial Position

As at December 31, 2015

(Expressed in Canadian Dollars)

	2015	2014
ASSETS		
Current assets		
Cash	\$ 110	\$ -
Share subscription receivable	-	1
HST receivable	762	-
	<u>\$ 872</u>	<u>\$ 1</u>
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 9,961	\$ -
Due to related party (note 4)	4,727	-
	<u>14,688</u>	<u>-</u>
Shareholders' (deficit) equity		
Share capital (note 5)	7,932	1
Deficit	(21,748)	-
	<u>(13,816)</u>	<u>1</u>
	<u>\$ 872</u>	<u>\$ 1</u>

Nature and continuance of operations (note 1)

See accompanying notes to financial statement

Approved on behalf of the board of director:

Bobby Curtola, Director

James Griffiths, Director

ALTERNATE HEALTH CORP.

Statement of Loss and Comprehensive Loss

For the year ended December 31, 2015

(Expressed in Canadian Dollars)

	2015	2014
Revenue	\$ -	\$ -
Operating expenses		
Bank charges and interest	269	-
Professional fees	21,479	-
	21,748	-
Loss and comprehensive loss for the year	\$ (21,748)	\$ -
Basic and diluted loss per common share	(0.05)	0.00
Average weighted number of common shares outstanding	396,600	1

See accompanying notes to financial statement

ALTERNATE HEALTH CORP.

Statement of Changes in Equity

For the year ended December 31, 2015

(Expressed in Canadian Dollars)

	Share Capital		Deficit	Total
	Number	Amount		
Balance, December 31, 2013	-	\$ -	\$ -	\$ -
Net earnings	-	-	-	-
Shares issued	1	1	-	1
Balance, December 31, 2014	1	1	-	1
Comprehensive loss for the year	-	-	(21,748)	(21,748)
Shares issued	396,599	7,931	-	7,931
Balance, December 31, 2015	396,600	\$ 7,932	\$ (21,748)	\$ (13,816)

See accompanying notes to financial statement

ALTERNATE HEALTH CORP.

Statement of Cash Flows

For the year ended December 31, 2015

(Expressed in Canadian Dollars)

	2015	2014
Operating activities:		
Loss	\$ (21,748)	\$ -
Changes in non-cash working capital account:		
Share subscription receivable	1	(1)
HST	(762)	-
Accounts payable and accrued liabilities	9,961	-
Cash provided by (used in) operating activities	(12,548)	(1)
Financing activities:		
Advances to related party	4,727	-
Issuance (redemption) of share capital	7,931	1
Cash provided by (used in) financing activities	12,658	1
Increase in cash	110	-
Cash, beginning of year	-	-
Cash, end of year	\$ 110	\$ -

There were no significant non-cash transactions during the years ended December 31, 2015 and 2014

See accompanying notes to financial statement

ALTERNATE HEALTH CORP.

Notes to Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

1. Nature of operations

Alternate Health Corp. (formerly 1017344 BC Ltd.) (the "Company") was incorporated on October 26, 2014, under the laws of the province of British Columbia, Canada. The head office, principal address, records office and registered address of the Company are located at 309 – 1485 6th Ave W. Vancouver, British Columbia, Canada, V6H 4G1.

These financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future. The Company's continuation as a going concern is dependent upon the successful results from its business activities and its ability to attain profitable operations and generate funds there from and/or raise equity capital or borrowings sufficient to meet current and future obligations. Management intends to finance operating costs over the next twelve months with loans from directors and companies controlled by directors and or profits from its business activities.

2. Basis of presentation and statement of compliance

These financial statements were authorized for issue on April 28, 2016 by the directors of the Company.

(a) Statement of compliance with International Financial Reporting Standards

The financial statements of the Company comply with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

(b) Basis of measurement and functional currency

These financial statements have been prepared on an accrual basis and are based on historical costs, modified where applicable. The financial statements are presented in Canadian dollars, unless otherwise noted, which is the Company's functional currency.

(c) Significant judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in applying the Company's financial statements include the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty.

ALTERNATE HEALTH CORP.

Notes to Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

2. Basis of presentation and statement of compliance (continued)

(d) Loss per share

Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company.

(e) Financial instruments

Financial assets and liabilities are recognized on the trade date at which the Company becomes a party to the contractual provisions of the instrument.

Financial assets are generally derecognized when the contractual rights to the cash flows from the assets expire, or when the Company transfers the rights to receive the contractual cash flows on the financial assets to another party without retaining substantially all the risks and rewards of ownership of the financial assets.

The Company derecognizes financial liabilities when its contractual obligations are discharged, cancelled or expired.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Company has a current legal right to offset the amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

(f) Loans and payables

Loans and payables are non-derivative financial liabilities with fixed or determinable payments that are not quoted in an active market. After initial recognition these liabilities are measured at amortized cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

ALTERNATE HEALTH CORP.

Notes to Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

2. Basis of presentation and statement of compliance (continued)

(g) Income taxes

Current income tax:

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax:

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities, the income taxes relate to the same taxable entity and the same taxation authority, and the Company intends to settle its current tax assets and liabilities on a net basis.

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Notes to Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

2. Basis of presentation and statement of compliance (continued)

(h) Accounting standards issued but not yet effective

New standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods in IAS 39. IFRS 9 is effective for annual periods beginning on or after January 1, 2018 with early adoption permitted.

The Company has not early adopted this revised standard and is currently assessing the impact that this standard will have on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

3. Accounts payable and accrued liabilities

	2015	2014
Trade Payables	\$ 758	\$ -
Accrued Liabilities	9,203	-
	<u>\$ 9,961</u>	<u>\$ -</u>

4. Due to related party

The advances are due to Alternate Health Inc. ("AHI"), a related company by virtue of common management.

The advances are non-interest bearing with no set terms of repayment and accordingly are classified as a current liability

ALTERNATE HEALTH CORP.

Notes to Financial Statements

December 31, 2015

(Expressed in Canadian Dollars)

5. Share capital

	2015	2014
Authorized		
Unlimited number of common shares without par value.		
Issued		
396,600 common shares	\$ 7,932	\$ 1

There is no Escrow Agreement in place for Alternate Health Corp and no Stock Options or Warrants being held by Computershare.

6. Financial instruments fair value and risk factor

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 — Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 — Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3— Inputs that are not based on observable market data.

The Company's financial instruments consist of cash and equivalents, receivables and trade payables. The fair value of these financial instruments approximates their carrying value, unless otherwise noted.

As at December 31, 2015 and 2014, the Company measures its cash and equivalents on Level 1 inputs.

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Notes to Financial Statements

December 31, 2015

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6. Financial instruments fair value and risk factors (continued)

Overview:

The Company has exposure to the following financial instrument related risks.

Credit risk:

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's exposure to credit risk is on its cash. Cash and equivalents consists of cash bank balances held in a major Canadian financial institution with a high credit quality and therefore is at minimal risk.

Currency risk:

Currency risk is the risk that arises from the change in price of one currency against another. The Company operates in Canada and is therefore not exposed to significant foreign exchange risk arising from transactions denominated in a foreign currency.

Liquidity risk:

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company has accumulated a deficit of \$21,748 (2014 - \$0) and has a working capital deficiency position of \$13,816 (2014 working capital - \$1) at December 31, 2015.

Interest rate risk:

Interest rate risk is the risk due to variability of interest rates. The Company is exposed to interest rate risk on its bank account. The income earned on the bank account is subject to the movements in interest rates. The Company has cash and equivalents balances and no-interest bearing debt, therefore, interest rate risk is nominal.

7. Income taxes

For income tax purposes, the company has losses carried forward from prior years of \$21,748 which can be applied to reduce future years' taxable income. This loss expires in 2035

The potential income tax benefit arising from these losses has not been recognized in these financial statements. Using the statutory tax rate of 26.0% these losses would result in an expected tax recovery of \$5,655.

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8. Other matters

(a) Plan of arrangement

On October 29, 2014, the Company entered into an Arrangement Agreement with Riske Capital Corp. ("Riske"). Riske is a reporting issuer in the provinces of Alberta and British Columbia.

Final Court Order approving the Arrangement was received by Riske on December 3, 2014. Under the terms of the Arrangement: (i) Riske will transfer to the Company all of its interest in a letter of intent with Fusion Business Group and \$1,000 cash; and (ii) the Company will issue 396,600 Common Shares to the shareholders of Riske. By resolution of the board of directors of Riske, the Closing of the transaction and Effective Date of Arrangement as it pertains to the Company was deemed to have occurred on April 15, 2015. The letter of intent with Fusion Business Group was cancelled on April 15, 2015.

Following completion of the Arrangement Agreement, the Company became a reporting issuer subsequent to the end of the period.

(b) Key management compensation

There was no compensation of key management personnel during the years ended December 31, 2015 and 2014.

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(Expressed in Canadian Dollars)

8. Other matters (continued)

(c) Share exchange agreement

On November 23, 2015, the Company, and AHI and its shareholders signed a definitive share exchange agreement to complete a proposed acquisition of AHI by the Company (the "Share Exchange Agreement").

Pursuant to the terms of the Share Exchange Agreement, the Company will acquire all of the issued and outstanding shares of AHI in exchange for issuance of the shares on a one for one basis to the Company's shareholders, which will result in AHI becoming a wholly-owned subsidiary of the Company (the "Acquisition"). Pursuant to the terms of the proposed Acquisition, the Company will issue 29,970,000 shares to the shareholders of AHI for the Acquisition, resulting in AHI becoming a wholly owned subsidiary of the Company. 550,000 Warrants of the Company will also be issued to/exchanged with the holders of warrants of AHI on a one for one basis. The actual number of the Company's shares and warrants issued at closing will be increased by the number of additional AHI shares and warrants issued between November 23, 2015 and closing.

The proposed Acquisition was used by the Company to file for listing on the Canadian Securities Exchange ("CSE"). Completion of the Acquisition is subject to approval of the listing by the CSE.

AHC's costs related to the Acquisition to December 31, 2015 total \$16,135.