

**Premier Health Group Inc.**

MANAGEMENT DISCUSSION AND ANALYSIS

For the Six Month Period Ended June 30, 2018

(Stated in Canadian Dollars)

## **INTRODUCTION**

### **General**

The Company was incorporated on September 13, 2013 under the Business Corporations Act (British Columbia) as Proelium MMA Acquisition Corp., a wholly owned subsidiary of Web Watcher Systems Ltd. ("Web Watcher"). The Company became a reporting issuer as a result of the plan of arrangement carried out by Web Watcher dated October 23, 2013 (the "Arrangement").

Pursuant to the Arrangement Agreement, the Company issued 14,403,698 common shares to the Web Watcher shareholders.

On July 9, 2015, the Company changed its name to Premier Health Services Inc. and on September 18, 2015 changed to its current name Premier Health Group Inc.

The Issuer acquired 1,000,000 shares of CENTRIC HEALTH CORP., symbol CHH on the TSX in consideration for 200,000 units for investment purposes, each unit consists of one share and one share purchase warrant (the "Warrant") of the Company. Each warrant shall entitle the holder to purchase one common share of the Company at a price of \$1.50 per share for a period of two years from date of issuance.

On June 17, 2016, the Company completed acquisition (99.9%) of a multidisciplinary rehabilitation business located in Santiago, Dominican Republic ("PremierDR"). The acquisition price was \$1,931,700 CND (US\$ 1,500,000). The purchase price is supported by the audited financial statements of Clinicas as of December 31, 2014 and 2015. The acquisition was financed by convertible promissory in the amount of US\$ 1,500,000. Note is a 5-year, 8.5% interest bearing, due on June 17, 2021. The holder of the Promissory Note has the right to convert (at any time) any outstanding balance of the principal and interest of the Promissory Note into common shares of the Company at C\$0.25 per share. The Company has the right to prepay any amount of the outstanding principal and the interest of the Promissory Note without a penalty before the due date of the Promissory Note. The Note is secured by a general security agreement.

On April 17, 2018, the Company entered into a share purchase agreement as amended May 1, 2018 (the "Purchase Agreement") with the Company's CEO, who is also the former sole shareholder of Clinicas (the "Purchaser"). The terms of the Purchase Agreement are detailed in Note 12 of the interim financial statements for the quarter ended June 30, 2018. This Purchase Agreement constitutes a discontinued operation involving the loss of control of Clinicas by the Company as at December 31, 2017. Under IFRS 5 there is sufficient probability of the sale of PremierDR that the Company recorded Premier DR as a discontinued business although the business of the company as of the date of this Management Discussion and Analysis remains unchanged.

Our head office registered, and records office is located at 440-890 W Pender St, Vancouver, BC V6C 1J9

## **Basis of Discussion & Analysis**

This management's discussion and analysis ("MD&A") is dated as of August 28, 2018 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the six month period ended June 30, 2018, and the related notes thereto. The condensed consolidated interim financial statements were prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Standards Board ("IASB"). All dollar amounts are in Canadian dollars, unless otherwise indicated.

All statements other than statements of historical fact in this Annual MD&A are forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from such forward-looking statements. Readers should not place undue reliance on these forward-looking statements. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect subsequent events or circumstances.

Additional information relating to the Company can be located on the SEDAR website at [www.sedar.com](http://www.sedar.com).

## **THE COMPANY AND BUSINESS**

### **Background**

PremierDR was incorporated in 2010 in the Dominican Republic by Brenda Rasmussen. PremierDR became a 99.99% owned subsidiary of Premier Health Group Inc., ("Premier Group") effective June 17, 2016, and the business of PremierDR has become the business of the Premier Group.

### **The Dominican Republic**

The Dominican Republic (DR) is on the eastern two-thirds of the Hispaniola Island. The DR economy is the largest in the Caribbean and Central America. It is an upper-middle-income country, reliant on the service sector. To comply with the laws for foreign ownership the Company had to ensure at least one share was held by a DR citizen and the acquisition required approval by federal government officials in Canada and the DR.

The government of the DR recognized the importance of developing, modernizing and expanding the economy beyond its traditional reliance on tourism and low cost labour (Free Trade Zone assembly and manufacturing), and it has instituted numerous forms of legislation to achieve that end. By 2010 the majority of these legislative initiatives were in place.

The federal authority that regulates the Issuer's industry sector is the Ministry of Public Health and Social Assistance. Importantly for Premier DR, among the enabling legislation for business are the

strengthening and reorganization of the government worker's compensation scheme ("ARL") (Spanish acronym for Administradora de Riesgos Laborales), and the introduction of mandatory vehicle and liability insurance. Unlike most North American worker's compensation programs, the ARL also covers the insured when travelling to and from work.

The legal system of the Dominican Republic is civil law. On October 23, 2007, Decree No. 610- 07 placed DICOEX – the Directorate of Foreign Commerce of the then-Secretariat of State for Industry and Commerce –governs the enforcement of arbitration awards, arbitral agreements, and arbitration proceedings in the Dominican Republic all of which are available to foreign entities. There are no requirements that foreign equity be reduced over time or that technology be transferred according to defined terms. The government imposes no significant conditions on foreign investors concerning location, local content, foreign exchange or export requirements.

## **Premier DR**

When the new government initiatives (discussed above) came into force, there was very little in the way of rehabilitation providers able to meet the increased demands and treatment outcomes required by the ARL or the vehicle insurers in the event of serious injury. After the founding and exit from health clinic company Alegro Health Corp. (Now Centric Health Corp. CHH: TSX), Brenda Rasmussen became aware of health care and rehabilitation opportunities in the DR which lead to the opening of the first rehabilitation clinic in 2011. The clinic is located in Santiago, the country's second largest city, with a population of 1,200,000. PremierDR operates from a leased 6,000 sq. ft. facility with 21 staff and holds nation-wide contracts from the ARL and major Dominican insurance companies.

Premier Clinicas has completed construction of a new rented Rehabilitacion and Wellness Centre in Santiago. The new stand alone facility's grand opening was held on March 14,2018.

PremierDR's key competitors are hospital physiotherapy departments and a small number of sole practitioner treatment centres. PremierDR is a multidisciplinary rehabilitation clinic, using North American treatment methodologies, equipment and technology. In addition, PremierDR works in close consultation with the government workers compensation agency in regard to setting care standards.

## **Customer Base and Payment Schedules**

In addition to the ARL contract which covers the entire country, revenues are generated from auto insurers, private payer patients, supplemental health care providers and professional athletes or their organizations. PremierDR also has nation-wide contracts with private insurers such as the major auto insurers.

## **Agreements**

A Health Services Agreement was entered into with ARS Monumental S.A., on March 31, 2011 to provide health services and supplies covered by the Government's Basic Health Plan, workers

compensation plans and permitted supplemental plans, in addition to services that are not covered by these plans but are still approved by the social services agency for coverage. This agreement is automatically renewable annually and remains current.

A Health Services Agreement was entered into with the Dominican Social Insurance Agency, on May 20, 2011, (in its capacity as the Health and Safety Workers Compensation Administrator).

On April 19, 2013 Premier DR entered into a contract for Administration of Complimentary Plans and Voluntary Prepaid and Special Complimentary Plans with ARS Humano S.A. which also carries an automatic renewal.

The operating agreements allow for regular inspection and critique of the clinics operation by the ARL. To date, the clinic's assessment and treatment methodologies have met or exceeded the Agencies requirements, as patient outcomes and cost/benefit factors are far superior to services that have been historically available in the DR.

### SELECTED QUARTERLY INFORMATION

	Q4 2018	Q3 2018	Q2 2018	Q1 2018 (1)	Q4 2017 (1)	Q3 2017	Q2 2017	Q1 2017
Revenue	-	-	(56,573)	(49,737)	(57,020)	(78,975)	(86,618)	(72,751)
Expenses	-	-	185,280	178,014	490,962	189,029	219,675	195,615
Other (income ) expense	-	-	38,609	38,423	(28,685)	(80,446)	(155,369)	(347,791)
Net income (loss) for the period	-	-	(167,316)	(166,700)	(187,626)	(29,608)	22,312	224,927
Income (Loss) per common share	-	-	(0.01)	(0.00)	(0.01)	(0.00)	0.00	0.01
Total assets	-	-	302,995	343,082	410,810	805,916	830,948	868,521
Total liabilities	-	-	1,593,041	1,464,540	1,369,953	1,559,532	1,531,328	1,492,353
Dividends declared	-	-	-	-	-	-	-	-

(1) These amounts are shown including the revenues and expenses from the discontinued operations. For the three months ended April 30, 2018 the Company incurred a loss of \$167,316 as compared to net income of \$22,312 for the same period in 2017. The Company reported revenues for the three months ended June 30, 2018 of \$56,573 (2017: \$86,618) from the medical business. The net income for the period ended June, 2017 was mainly due from the sale of investments of \$107,970 held by the company.

### SELECTED ANNUAL INFORMATION

	2017	2016	2015
Revenue	-	-	-
Expenses	726,204	305,866	25,540
Other (income) expense	(612,399)	1,838,036	-
Loss from discontinued operations	73,715	161,299	-

Net income (loss) for the period	(187,520)	(2,305,201)	(25,540)
Income (Loss) per common share	(0.02)	(0.17)	(255,40)
Total assets	410,810	758,806	4,699
Total liabilities	1,369,953	1,433,349	43,315
Dividends declared	-	-	-

The consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements are presented in Canadian dollars, which is the functional currency of the parent Company, while the functional currency of its subsidiary, Clinicas, is the Dominican Peso. These consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments classified as fair value through profit or loss, and available-for-sale, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for certain cash flow information.

## FINANCIAL POSITION

At June 30, 2018, the Company had current assets of \$73,908 and current liabilities of \$1,593,041. At June 30, 2017, the Company had working capital deficiency of \$1,519,133 compared to \$1,313,285 at December 31, 2017. Included in current liabilities is the debt portion of the five year term debenture of \$1,261,195 based on accounting treatment however it isn't contractually due currently therefore, if it was recorded as long term, or converted into equity, working capital would increase by that amount. The Company has to rely upon the sale of equity securities primarily through private placements for the cash required for acquisition and operating expenses.

### Additional Disclosure for Venture issuers without Significant Revenue

The Company has generated \$Nil in revenue compared to \$Nil for the period ended June 30, 2017. The net loss in the period included is mainly due to the non-cash expense of current accretion and interest of the debenture in the amount of \$151,142, management fees in the amount \$21,000 and professional fees in the amount of \$9,502. The other losses pertains foreign exchange loss of \$77,032 and loss from discontinued operations of \$33,972. The discontinued operation has generated \$106,310 in revenue compared to \$159,369 during the six month period ended June 30, 2018. The net loss in the period is mainly due to wages in the amount of \$68,934.

The amount of debenture outstanding as of June 30, 2018 is \$1,931,700 with \$880,845 recorded in equity, and the balance of \$1,320,933 in liabilities. This reflects the present value of the debt and interest payments discounted at a rate of 26.6% approximating the interest rate that would have been applicable to convertible debentures issued by similar size competitors in the same industry at the time the debentures were issued.

**LIQUIDITY AND CAPITAL RESOURCES**  
**Changes in Cash Position**

	<b>For the Period Ended</b>	
	<b>June 30, 2018</b>	<b>June 30, 2017</b>
	\$	\$
<b>Cash (used in) /provided by:</b>		
<b>Net cash used in operating activities</b>	<b>(49,141)</b>	<b>(215,806)</b>
<b>Net cash (used in) provided by investing activities</b>	<b>(187,748)</b>	<b>213,859</b>
<b>Net cash provided by financing activities</b>	<b>236,986</b>	<b>22,760</b>
<b>Increase (decrease) in cash</b>	<b>97</b>	<b>20,813</b>
<b>Cash, beginning of period</b>	<b>451</b>	<b>15,510</b>
<b>Cash, ending of period</b>	<b>548</b>	<b>36,423</b>

The Company had cash of \$548 at June 30, 2018 compared to \$36,423 at June 30, 2017. During the period ended June, 2018, the Company had cash outflows from operations of (\$49,141) compared to (\$215,806) in 2017.

Cash used in investing activities during the period ended March 31, 2018 was (\$187,748) compared to \$213,859 for the period ended June 30, 2017 mainly due to the sale of investments held by the Company.

Cash provided by financing activities during the period ended June 30, 2018 was 236,986 compared to cash provided by financing activities of \$22,760 for the period ended June 30, 2017 mainly due to related parties financing in 2018.

**SELECTED QUARTERLY INFORMATION**

	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
	2018	2018	2018	2018	2017	2017	2017	2017
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial results:</b>								
Net income (loss)			(167,316)	(166,700)	(145,539)	(29,608)	22,312	224,927
Basic income (loss) per share			(0.01)	(0.00)	(0.00)	(0.00)	0.00	0.01

## **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

## **PROPOSED TRANSACTIONS**

There are no proposed transactions that have not been disclosed herein other than as follows:

Subsequent to March 31, 2018, the Company entered into a share purchase agreement (the "Purchase Agreement") with the Company's CEO, who is also the former sole shareholder of Clinicas (the "Purchaser"). The Purchase Agreement was entered into as a prerequisite to entering into an acquisition agreement that may result in a change of control of the Company. The terms of the Purchase Agreement are as follows:

- The Company will transfer 51% of the shares of Clinicas to the Purchaser immediately on the closing date and transfer the remaining 49% of the shares of Clinicas of when the Company has a satisfactory replacement assets in place to satisfy corporate law requirement to maintain a business undertaking at all time, as well as continue to qualify for Listing on the Canadian Securities Exchange. See Note 18 for potential acquisition and change of control.
- The Purchaser will forgive the convertible debenture of US \$1,500,000 and all accrued interest proportionally to the shares of Clinicas transferred (*Note 10*).

This Purchase Agreement constitutes a discontinued operation involving the loss of control of Clinicas by the Company as at December 31, 2017. As a result, all of the assets and liabilities of Clinicas have been classified as held-for-sale as at June 30, 2018. This resulted in a net liability of \$96,311 from discontinued operation as at March 31, 2018.

The revenues and expenses of Clinicas have been determined to be a discontinued operation by the Company, and as a result, have been disclosed separately on the statement loss and comprehensive loss.

Revenues and expenses from Clinicas are as follows:

Premier Health Group Inc.  
Management's Discussion and Analysis  
For the Six Month Period Ended June 30, 2018

	June 30, 2018	June 30, 2017
<b>REVENUE</b>	<b>\$ 106,310</b>	<b>\$ 159,369</b>
<b>EXPENSES</b>		
Advertising	7,861	12,140
Amortization ( <i>Note 7</i> )	13,914	8,416
Leasehold improvements written off ( <i>Note 7</i> )	12,787	-
Bank charges an interest	8,422	11,145
Consulting fees ( <i>Note 11</i> )	7,821	8,915
Insurance	3,186	2,755
Office and Administration	17,375	22,676
Professional fees	10,755	11,243
Rent	-	39,179
Repair and maintenance	2,558	6,107
Wages and related expenses	68,934	78,464
Other expenses	6,669	1,224
<b>Loss from discontinued operations</b>	<b>\$ (53,972)</b>	<b>\$ (42,895)</b>

## SHARE CAPITAL

a) Authorized: unlimited common shares without par value

(b) Issued and Outstanding: The Company has 34,944,031 common shares issued as of the date of this report.

On September 20, 2017, the Company issued 200,000 common shares at a price of \$1 per share for debt settlement of \$200,000 (US \$145,520). The debt settled was a portion of the interest accrued on the convertible note (Notes 10, 11).

On September 20, 2017, the Company issued 7,000 common shares at a price of \$1 per share to the CFO of the Company, for cash.

On May 9, 2016, the Company has cancelled 100 incorporation shares and issued 14,403,698 common shares to the Web Watcher Systems Ltd. Shareholders under the Plan of Arrangement (Note 1).

On May 9, 2016, pursuant to an agreement dated August 27, 2015 with Winston Ventures Inc. ("Winston") a company owned and controlled by Gary Brown, the Company issued 20,000,000 common shares to Winston in exchange for 4,000,000 shares of Moag Copper Gold Resources Inc. ("MOG").

On May 9, 2016, the Company issued 200,000 units in consideration for 1,000,000 shares of CENTRIC HEALTH CORP., symbol CHH on the TSX. Each unit consists of one share and

one share purchase warrant (the "Warrant") of the Company. Each warrant shall entitle the holder to purchase one common share of the Company at a price of \$1.50 per share for a period of two years from date of issuance. Based on the trading value of CHH shares the value of the units is \$250,000.

On May 9, 2016, pursuant to a private placement agreement for \$200,000 dated February 5, 2016, the Company issued 133,333 units at a price of \$1.50 per unit. Each unit consists of one share and one share purchase warrant (the "Warrant") of the Company. Each warrant entitles the holder to purchase one common share of the Company at a price of \$1.50 per share for a period of two years from date of issuance.

(c) Share Purchase Warrants

The following is a summary of warrant activities during the period ended June 30, 2018:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2016 and 2017	333,333	\$ 1.50
Issued	(333,333)	\$ (1.50)
Outstanding, June 30, 2018	-	\$ -

As at June 30, 2018, no warrants were outstanding.

(d) Escrow Shares

As at June 30, 2018, the Company has 19,080,000 common shares held in escrow.

Escrow shares will be released as follows:

- 3,180,000 shares on May 28, 2018 and the same amount released each six months thereafter until the last 3,180,000 are released on May 17, 2020.

(e) Stock Options:

The Company has adopted an incentive stock option plan (the "Option Plan") which provides that the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the applicable stock exchange's requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase common shares. Pursuant to the Option Plan, the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares of the Company. Options granted under the Option Plan can have a maximum exercise term of 5 years from the date of grant. Vesting terms will be determined at the time of grant by the Board of Directors. As at March 31, 2018, no options were granted or outstanding.

## **CAPITAL DISCLOSURES**

The Company's future capital requirements will depend on many factors, including, among others, its ability to earn cash flow from operations. Should the Company wish to pursue current and future business opportunities, additional funding will be required. If additional funds are raised through the issuance of equity securities, the percentage ownership of current shareholders will be reduced and such equity securities may have rights, preferences, or privileges senior to those of the holders of the Company's common stock. No assurance can be given that additional financing will be available, or that it can be obtained on terms acceptable to the Company and its shareholders. If adequate funds are not available, the Company may not be able to meet its contractual requirements.

## **FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

The Company's financial instrument consist of cash, accounts receivable, accounts payable, amounts due from and to related parties, notes receivable, loans payable, net liabilities from discontinued operations and the convertible debenture.

The Company's cash and marketable securities are measured at fair value under the fair value hierarchy based on level one quoted prices in active markets for identical assets or liabilities. The Company's accounts receivables, accounts payable, amounts due and from related parties, note receivable and loans payable have amortized costs that approximate their fair value due to their short terms to maturity. The net liabilities from discontinued operations are recorded at fair value due to their short-term to maturity. The Company's other financial instruments, being the convertible debenture, is measured at amortized cost.

The Company's risk exposures and the possible impact of these expenses on the Company's financial instruments are summarized below:

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause a loss for the other party by failing to discharge an obligation. As of June 30, 2018, the Company is exposed to credit risk to the extent that its clients become unable to meet their payment obligations. Trade receivables include amounts receivables from the sale of services and GST receivables.

### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2018, the Company did not have sufficient cash on hand to meet its current liabilities and will need to source different methods of financing.

## Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

### a) Interest rate risk

Interest risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates is insignificant.

### b) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument denominated in a foreign currency will fluctuate because of changes in foreign exchange rates. The Company operates internationally, which gives rise to the risk that cash flows may be adversely impacted by exchange rate fluctuations. Amounts subject to currency risks are primarily cash, accounts receivable, accounts payable and loans that are held in foreign currency. In addition, the Company holds convertible debentures which are denominated in US Dollars. A change in foreign currency exchange rates can have an impact on net income and comprehensive income. As a result, the Company is exposed to foreign exchange rate risk with respects to the US Dollar and the Dominican Peso. As at June 30, 2018, the Company had net financial liabilities denominated in foreign currencies of approximately \$1,320,000. A 10% change in the value of the Dominican Peso versus the Canadian dollar would give rise to a gain or loss of approximately \$9,600, and a 10% change in the value of the US Dollar versus the Canadian dollar would give rise to a gain or loss of approximately \$132,000. The Company has not entered into any foreign exchange contracts to hedge this risk.

### c) Price risk

The Company is exposed to price risk with respect to equity prices, since the Company possesses investments in publicly traded securities. The Company closely monitors those prices to determine the appropriate course of action to be taken. The maximum exposure to the Company is the fair value of its marketable securities, which have been recorded at \$1.

## **RELATED PARTY TRANSACTIONS**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly. Key management personnel include the Company's executive officers and Board of Director members.

The aggregate values of transactions relating to key management personnel were as follows:

	June 30, 2018	June 30, 2017
Management fees to the CFO	\$ 21,000	\$ 15,000
Administration fees paid to a company owned by the CFO	3,000	3,000
Rent paid to a company owned by the CFO	3,000	3,750
Consulting fees to the CEO, included in loss from discontinued operations (Note 12)	7,821	8,915
Accretion and interest expense on convertible debenture to the CEO (Note 10)	151,142	150,686

As at June, 2018, the Company had \$69,807 (December 31, 2017 - \$179,142) due from the CFO and a company owned by the CFO. The CFO is also a director of the Company. This amount will be repaid to the Company, commencing April 1, 2018 at \$5,000 per month; with the entire amount to be paid by October 1, 2019. Interest of 6.5% will be accrued. As a result, as at June 30, 2018, \$60,000 (December 31, 2017 - \$45,000) has been recorded as a current asset, with the remaining \$9,807 (December 31, 2017 - \$134,142) recorded as a long-term asset.

During the year ended December 31, 2017, the Company issued 200,000 common shares with a fair value of \$200,000 to settle related party debt of \$200,000. This debt resulted from the interest payable to the CEO on the convertible debenture, and was purchased by certain shareholders of the Company, and then settled for shares. (Note 10).

As at June 30, 2018, the Company has a convertible debenture valued at \$1,320,933 (December 31, 2017 - \$1,189,180) to the CEO, who is also a director and significant shareholder of the Company. As at June 30, 2018 \$141,847 (December 31, 2017- \$45,425) of accrued interest on this debenture is included in accounts payable and accrued liabilities. During the six months period ended June 30, 2018, \$69,440 of accretion expense, and \$81,702 of interest expense, for a total of \$151,142 was recorded as accretion and interest expense (2017 - \$150,686). (Note 10).

As at June 30, 2018, the Company had \$298,913 owing to the then CEO, who is also a director and significant shareholder of the Company (the former sole shareholder of Clinicas) (December 31, 2017 \$51,267). This amount is included in the net liabilities from discontinued operations as at June 30, 2018 and December 31, 2017.

As at June 30, 2018 and December 31, 2017, the Company had \$220,000./ receivable from a company partially owned by the CFO of the Company. As at December 31, 2017, this note had no terms of repayment. Subsequent to June 30, 2018, this note was converted into a convertible promissory note, with accrued interest of 6.5% per annum, payable on April 1, 2019. The Company has the right to convert this promissory note at any time at \$0.25 per share.

## **RISKS AND UNCERTAINTIES**

These statements represent the Company's intentions, plans, expectations and beliefs as of the date hereof, and are subject to risks, uncertainties and other factors of which many are beyond the control of the Company.

### **Competition**

The rehabilitation market and expansion into medical tourism is highly competitive on both a local and a national level. The Issuer believes that the primary competitive factors in this market are:

- quality service and support;
- price;
- ability to comply with new and changing regulations;
- reputation and stability of the provider.

There can be no assurance that the Issuer will successfully differentiate its current and proposed services from the services of its competitors, or that the marketplace will consider the products of the Issuer to be superior to competing services.

### **Limited Location**

All of the Issuer's current and anticipated revenues will be derived from its existing Santiago clinic. Consequently, the Issuer's performance will depend on establishing market acceptance of its clinics and services, should it intend to open additional clinics in the same area or in another city. There can be no assurances that the Issuer will establish and maintain a position at the forefront of emerging service quality trends. Any reduction in anticipated future demand or anticipated future sales of these services or any increase in competition could have a material adverse effect on the Issuer's business prospects, operating results, or financial condition.

### **Dependency on Government Agency**

While the ARL has been highly supportive of PremierDR in the past it is possible that this could change, and that the government legislation passed in recent years regarding the ARL and vehicle and liability insurance could be amended or replaced. A loss of ARL contracts and support or an unfavourable change in legislation concerning the ARL or insurance could have a material adverse effect on the Issuer's business prospects, operating results, or financial condition.

## **Uninsured Risks**

The Company may carry insurance to protect against certain risks in such amounts as it considers adequate. Risks not insured against include lost records, loss or damage or other hazards against which such corporations cannot insure or against which they may elect not to insure.

## **Conflicts of Interest**

Certain of the directors of the Company also serve as directors and/or officers of other reporting and private companies. Consequently, there are no known conflicts but there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

## **SUBSEQUENT EVENTS**

On July 25, 2018 the Company announced it closed a private placement raising aggregate gross proceeds of \$3,555,000 on issuance issued of an aggregate of 14,220,000 Common Shares at a subscription price of \$0.25 per Common Share.

The transaction described above and in note 12 under Share Purchase Agreement has not been completed as of the date of these interim financial statements.

On August 2, 2018 the Company announced the acquisition of all the issued and outstanding shares of HealthVue Ventures Ltd. thereof in consideration of \$1,000,000 in cash and an aggregate of 12,000,000 common shares of the Company at a deemed price of \$.25 per share, of which 10,800,000 of such shares are restricted from trading with 1/6 released from the restriction every 6 months commencing January 30, 2019.

On August 14, 2018 the Company announced it has issued 4,000,000 stock options to Directors, Officers, Consultants and employees exercisable at \$.50 per share for a five-year term from date of grant.

## **ADDITIONAL INFORMATION**

Additional information pertaining to the Company is available on the SEDAR website at [www.sedar.com](http://www.sedar.com).