

**Premier Health Group Inc.**

MANAGEMENT DISCUSSION AND ANALYSIS  
(Amended and Restated)

For the Three Month Period Ended March 31, 2017

(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. 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.

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 July 20, 2017 and should be read in conjunction with the Company's unaudited condensed consolidated interim financial statements for the three month period ended March 31, 2017 and 2016, 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, located in the Caribbean; Atlantic Ocean at its north, Caribbean Sea to the south, Puerto Rico to the east, and Cuba to the west. Hispaniola, Puerto Rico, Cuba, and Jamaica are referred to as the Greater Antilles. The western portion of the island is occupied by the Republic of Haiti.

### **The Dominican Republic**

The Dominican Republic (DR) is on the eastern two-thirds of the Hispaniola Island, located in the Caribbean. Hispaniola, Puerto Rico, Cuba, and Jamaica are referred to as the Greater Antilles. The western portion of the island is occupied by the Republic of Haiti. The DR economy is the largest in the Caribbean and Central America. It is an upper-middle-income country, reliant on the service sector. The most prominent economic activities are tourism, retail, manufacturing and financial services. The government is encouraging foreign investment and working to position the DR as the primary destination in the Caribbean for foreign investors. 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. There are no major restrictions on foreign investment, and investors can repatriate their profits and capital subject to a labour law making it mandatory to share a portion of the company's profits with employees (discussed further below).

The Canada Export Corporation's Spring 2016 Report, states the DR has a population of approximately 10.4 million and with GDP at US\$66 billion, the DR is not only the largest economy in the Caribbean and Central America, but has one of the highest growth rates in the region since 2010, averaging 5.1% a year. Canada is one of the largest investors in the country in the mining, financial services and manufacturing

sectors. Historically, the United States is the largest investor, followed by Canada and Spain. The largest single investment of US\$4 billion was made by Canada's Barrick Gold and Gold Corp, in the DR's Pueblo Viejo mining project, demonstrating that opportunities for Canadian business to operate in the DR are being actively pursued.

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. Vehicle insurance is a major development for the country, which has over 2 million motorcycles in a population of 10 million. These motorcycles account for a very high percentage of the country's considerable traffic accident volume. Injuries and deaths per 100,000 people are amongst the highest in the world.

The experience and research of other major investors in the Dominican Republic provide information as to the any possible risks related to restriction on investment in the country. The U.S. is a significant investor in the DR, and the U.S. Department of State in its 2016 Investment Climate Statements stated that under Foreign Investment Law (No. 16- 95), unlimited foreign investment is permitted in all sectors, with the exception of activities negatively impacting public health and the environment; and the production of materials and equipment directly linked to national security unless authorized by the President.

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.

The Dominican Republic's labor code establishes that 80 percent of the labor force of a foreign or national company, including free trade zone companies, be composed of Dominican nationals (although the management or administrative staff of a foreign company is exempt from this regulation). Employers must share 10% of their annual pretax profits, if any, with their employees. However, the Labor Code allows employers to cap profit sharing as follows:

- An employee with less than three years on the job will receive 45 days' salary.
- An employee with three years or more years, 60 days' salary.

## **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.

PremierDR operates the country's sole multidisciplinary rehabilitation facility. The therapies and programs provided by PremierDR are based on the latest North American practices and methods. The clinic provides physiotherapy, massage therapy, return to work treatment and conditioning under the direct supervision of orthopedic surgeons, physiatrists and licensed rehabilitation specialists. Primary fields of specialization are automobile/workplace accidents, post-surgery rehab, sports injuries, strokes and other neurological conditions. PremierDR also offers a unique Speech Language Department, which offers pediatric services to infants and children with short term delayed language development conditions.

The clinic employs 7 physiotherapists, 1 occupational therapist, and 2 doctors. In addition, there is 11 managerial and administrative staff for a total of 21 employees.

The company has also developed a proprietary billing and case management tracking system. This system was designed to provide centralized state-of-the-art real time information for both the company and its customers and is scalable to permit its use with growth of customer volume.

PremierDR's key competitors are hospital physiotherapy departments and a small number of sole practitioner treatment centres. Currently PremierDR is the sole multidisciplinary rehabilitation clinic in the DR, 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.

PremierDR receives three distinct revenue streams. The ARL, the company's largest customer by patient volume, pays in full on claim processing for the services provided. Private (non-insured) patients pay for treatment 100% in cash. Secondly, auto and health insurance hospitals or local sole operator companies require a cash co-payment to be paid to PremierDR by the insured at the time of treatment. Finally, co-pay and private payer patients are paying all or part in cash. Although the cost to self-pay patients of their treatment at PremierDR may be higher than at local hospitals and sole practitioner offices, the company maintains state of the art service facilities and outcomes as its distinctive competitive advantage.

The volume of private payers is a significant contributor to revenue which reduces the dependency on insurance contracts to some extent, as there is a large enough cohort of affluent individuals in the DR to maintain the private payer contribution to revenue.

## **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). Under this agreement PremierDR is obligated to guarantee through its Healthcare facilities all of the rehabilitation services specified in cases of Work-Related Accident or Professional and/or Occupational Illness, establishing quality control systems and self-regulating standards. To ensure the standards of the regulating authority are met, an auditing physician is appointed by the Government with the right to audit the activities, interventions, medical and technical procedures performed for the insured. This agreement is automatically renewable annually and remains current.

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. The President and senior executives of the ARL have asked Ms.

Rasmussen and PremierDR to help develop rehabilitation protocols for the country.

## SELECTED QUARTERLY INFORMATION

	For the Three Period Month ended	
	March 31, 2017	March 31, 2016
	\$	\$
Revenues	(72,751)	-
Expenses	195,615	40,867
Other (income) expense	(347,791)	-
Net income (loss) for the period	224,927	(40,867)
Loss per common share	0.01	(408.67)
Total assets	868,521	167,616
Total liabilities	1,492,353	47,099
Dividends declared	-	-

## FINANCIAL POSITION

At March 31, 2017, the Company had current assets of \$782,241 and current liabilities of \$1,492,353. At March 31, 2017, the Company had working capital deficiency of \$710,112 compared to a working capital surplus of \$120,517 at March 31, 2016. Included in current liabilities is the debt portion of the five year term debenture of \$1,050,855 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 \$72,751 in revenues from the medical business for the three month period ended March 31, 2017. The net income in the period included is mainly due to the realized gain from the sale of investments of \$337,440 held by the Company, partially offset by the non-cash expense of current accretion of the debenture in the amount of \$74,426. The remaining expenses included of \$195,615 was attributed to the operating expenses, which include office and administration expenses, consulting fees, accounting fees, legal fees, regulatory filings fees and transfer agent fees.

The amount of debenture outstanding as of March 31, 2017 is \$1,931,700 with \$880,845 recorded in equity, and the balance of \$1,050,855 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

	For the Three Month Period Ended	
	March 31, 2017	March 31, 2016
	\$	\$
<b>Cash (used in) /provided by:</b>		
<b>Net cash used in operating activities</b>	<b>(7,064)</b>	<b>(38,184)</b>
<b>Net cash provided by investing activities</b>	<b>163,750</b>	<b>-</b>
<b>Net cash provided by financing activities</b>	<b>26,344</b>	<b>200,000</b>
<b>Increase in cash</b>	<b>183,030</b>	<b>161,816</b>
<b>Cash, beginning of period</b>	<b>15,609</b>	<b>3,197</b>
<b>Cash, ending of period</b>	<b>198,639</b>	<b>165,013</b>

The Company had cash of \$198,639 at March 31, 2017 compared to \$165,013 at March 31, 2016. During the period ended March 31, 2017, the Company had cash outflows from operations of \$7,064 compared to \$38,184 in 2016.

Cash provided by investing activities during the period ended March 31, 2017 was \$163,750 compared to \$Nil for period ended March 31, 2016 mainly due to the sale of investments held by the Company.

Cash provided by financing activities during the period ended March 31, 2017 was \$26,344 compared to \$200,000 for the period ended March 31, 2016 for various private placements that were completed during the period

## SELECTED QUARTERLY INFORMATION

	Dec. 31	Sep. 30	Jun. 30	Mar. 31	Dec. 31	Sep. 30	Jun. 30	Mar. 31
	2017	2017	2017	2017	2016	2016	2016	2016
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Financial results:</b>								
Net income (loss)	-	-	-	224,927	(1,924,327)	(217,158)	(122,849)	(40,867)
Basic income (loss) per share	-	-	-	0.01	(0.05)	(0.01)	(24.50)	(408.67)

The net income for the period ended March 31, 2017 was mainly due to the revenue of \$72,751 from the medical business and the realized gain from the sale of investments of \$337,440 held by the Company, partially offset by the operating expenses of \$195,615.

## 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.

## SHARE CAPITAL

a) Authorized: unlimited common shares without par value

(b) Issued and Outstanding:

On incorporation, September 19, 2013, 100 common shares were issued at \$1 per share.

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.

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 continuity of warrants for the period ended March 31, 2017 is as follows:

Expiry Date	Exercise Price	March 31, 2016	Issued	Exercised	Expired/Cancelled	March 31, 2017
May 9, 2018	\$1.5	-	333,333	-	-	333,333
		-	333,333	-	-	333,333

(d) Escrow Shares

As at March 31, 2017, the Company has 21,200,000 common shares held in escrow

(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, 2017, 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 payable, due to the related parties and convertible debentures the fair values of which are considered to approximate their carrying values due to their short-term maturities.

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

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 March 31, 2017, 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 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 March 31, 2017, the Company had \$198,639 cash and current liabilities of \$1,492,353.

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 currently insignificant.

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 United States Dollar currency. A change in foreign currency exchange rates can have an impact on net income and comprehensive income.

## 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:

	<b>March 31, 2017</b>	<b>March 31, 2016</b>
CFO Fees	\$ 7,500	\$ 5,000
Legal fees paid to a Company owned by the CFO	1,500	Nil
Administration fees paid to Company owned by the CFO	1,500	1,000
Rent paid to a Company owned by the CFO	2,250	1,000

Management fees of \$7,500 (March 31, 2016 - \$5,000), legal fees of \$1,500 (March 31, 2016 - \$nil) administration fees of \$1,500 (March 31, 2016 - \$1,000) and rent fees of \$2,250 (March 31, 2016 - \$1,000) were charged by a company controlled by the director. The management fees also represent key management compensation incurred during the period. As at March 31, 2017, the Company had \$326,898 (March 31, 2016 - \$14,909) due from various directors and a company related to a director. These balances are non-interest bearing and are due on demand.

On June 17, 2016, the Company borrowed \$1,931,700 CND (US\$ 1,500,000) for acquisition of a multidisciplinary rehabilitation business located in Santiago, Dominican Republic from a Director. Convertible promissory note is a 5 year (due date is June 17, 2021), 8.5% interest bearing with a face value of US\$ 1,500,000. 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. Balance outstanding as of March 31, 2017 is \$2,112,711.

As of March 31, 2017, the Company had \$55,871 owed to the former sole shareholders of Premier Clinicas de Rehabilitacion, S.R.L.

## **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.

### **ADDITIONAL INFORMATION**

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