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Dear Shareholders:

The following is a progress report on the anticipated product launch of the ALRT Health-e-Connect (HeC) System, a system that tracks adherence to care plans of patients with chronic conditions.

FDA 510(k) Application by ALRT

On February 28, 2011 the Company submitted its reply to questions from the FDA in response to the Company's 510(k) application that was originally submitted on July 23, 2010 for clearance of its proprietary HeC System. We now expect clearance in mid-2011 and can then offer HeC for sale in the U.S.

Medical Device Data Systems (MDDSs) Requirements

On February 15, 2011, the FDA published a final rule clarifying that MDDSs are regulated by the FDA and establishes the regulatory requirements for these medical devices (See 76 Fed. Reg. 8637 (Feb. 15, 2011)). Healthcare facilities and EMR/EHR developers that create software that work with the transfer, conversion, storage and display of medical device data will be deemed to be medical device manufacturers subject to FDA requirements.

Patient Protection and Affordable Care Act (PPACA) will Monitor Hospital Re-admissions

Re-admission rate monitoring will begin in 2011. Specifically, PPACA allows the Centers for Medicare and Medicaid Services (CMS) to withhold up to 1 percent of Medicare payments for hospitals with high re-admission rates during federal fiscal year 2012, which begins in October 2011. The withholding rises to a top level of 3 percent in 2015 and these withholding will be calculated based on a hospital's aggregate Medicare payments for all discharges, not just for the specific conditions being monitored.

With the relatively low operating margins of hospitals, the potential financial impact of the CMS plan on hospitals will be significant, especially if private insurers, such as WellPoint, also implement similar programs to drive more effective discharge management of patients to prevent re-admissions. See http://blogs.wsj.com/health/2011/05/16/a-m-vitals-wellpoint-will-tie-payment-to-quality/?mod=google_news_blog. The WellPoint plan will change the reimbursement structure of 1,500 hospitals to emphasize treatment outcomes. Clearly, hospitals that fail to manage re-admission will experience severe cash shortfalls.

ALRT believes that the HeC System is the only platform with pending FDA 510(k) clearance for those affected by PPACA to facilitate effective management of their patients to reduce re-admission.



Marketing and Sales Arrangement with Mantra Healthcare Solutions Inc (MHS)

ALRT entered into an agreement with MHS effective June 1, 2011 to market and sell the ALRT HeC System. MHS has developed solid relationships and access to major participants that will be affected by PPACA as well as Key Centers of Influence.

Although healthcare payers have not introduced reimbursement for data collection and review, they are introducing incentives to improve health outcomes. The HeC System, providing a platform for “*continuing oversight of patients’ treatment plans*”, will be a key factor to improve health outcomes. For a monitoring program to yield the desired results, the system must be effectively deployed with sustained use by patients and healthcare providers. MHS staff have proven track records in implementing sustained usability in systems.

FINANCING

The Company has secured the funding to implement the marketing plan with MHS.

KEY MARKETING OBJECTIVES

ALRT will become a leading provider of telehealth monitoring systems that will support medical conditions that can be improved with communication between patients and healthcare providers.

- Our initial marketing and sales effort is to assist users of MDDSs who will face significant financial consequences if they fail to meet new Federal standards and requirements of healthcare payers.
- We are continuing to recommend that CMS adopt electronic audit of diabetes test supplies before refill to contain costs and improve outcomes of treatment plans.

ALRT COMPETITIVE ADVANTAGE

- The HeC System offers an effective and affordable platform for healthcare providers to monitor and track treatment plans with an electronic audit trail.
- Most of our competitors have not initiated the process to obtain FDA clearance for their MDDS systems that go beyond simple functionalities described by the FDA. The complexity of the FDA application process gives ALRT a competitive advantage over a new entrant to the market.
- A number of blood sugar meters, integrated with monitoring systems, will be offered pending FDA clearance. However, these systems are limited in their support of a single private label brand. The HeC System is a universal platform which supports most of the meters offered the major pharmaceutical companies.
- Systems that can handle multiple meter uploads usually require significant up front investment for hardware with no reimbursements. These systems also require long term contracts and have a much higher monthly charge. The HeC System requires no hardware investment, no long term contracts and affordable monthly charge.
- The HeC System is the only one with published clinical trial outcome. (See: Diabetes Care August, 2010. <http://care.diabetesjournals.org/content/33/8/1738.long>) A follow up study will be published in the July issue of Canadian Diabetes Journal. ALRT is continuing to sponsor additional clinical trials and expect the latest trial to be finished by the end of 2011



Audit for Diabetes Test Supplies Refills

This is another area where vendors of diabetes test supplies will have significant financial consequences if they fail to meet new standards when they are adopted.

Sustainable Use of HeC

As patients are signed up for the HeC System from hospital discharge or electronic diabetes test supplies audit, your management plans to demonstrate to health plans that the HeC System is an effective and affordable platform for extended diabetes care and chronic disease management. Continuing oversight of chronic patients will improve health outcome and generate significant savings which is in the interest of all stakeholders.

With Mantra, we will initiate pilots with a number of leading hospitals. When success of our pilots gains national recognition, we expect to be offering the program for use by hospitals, coinciding with the commencement of the CMS program.

ADDITIONAL INFORMATION

See *Washington Post Supplement March 28, 2011* <http://www.alrt.com/about/news/15> and November 22, 2010 news release ALRT Submission CMS on Policy for Glucose Monitors for Diabetes <http://www.alrt.com/about/news/13> .

For corporate information see:

<http://www.sec.gov/Archives/edgar/data/1087022/000100201411000090/alrti8k-3112011.htm>

We look forward to updating you in the near future on the Company's marketing vision and progress of our sales program.

Yours truly,

ALR TECHNOLOGIES INC.

Sidney S Chan

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Chairman & CEO