



Nova Leap Health Corp.

**Condensed Interim Consolidated Financial Statements
For the three months ended March 31, 2017
and the three months ended April 30, 2016**

**(Unaudited)
(United States dollars)**

Prepared by Management – See Notice to Reader

NOTICE TO READER

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the condensed interim consolidated financial statements, they must be accompanied by a notice to this effect. These unaudited condensed interim consolidated financial statements have been prepared by management of the Corporation. Management have compiled the unaudited condensed interim consolidated statements of financial position of Nova Leap Health Corp as at March 31, 2017 and the unaudited condensed interim consolidated statements comprehensive loss, changes in equity and cash flows for the three months ended March 31, 2017 and the three months ended April 30, 2016. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the March 31, 2017 condensed interim consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

Nova Leap Health Corp.

Condensed Consolidated Statement of Financial Position (Unaudited - United States dollars)

	March 31, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	566,895	148,275
Accounts receivable	11,912	17,949
Prepaid expenses	7,954	11,486
Total current assets	586,761	177,710
Non-current assets		
Intangible assets (note 3)	5,041	5,700
Goodwill	180,000	180,000
Deferred income tax asset (note 11)	37,796	28,056
Total non-current assets	222,837	213,756
TOTAL ASSETS	809,598	391,466
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	167,785	67,804
Non-current liabilities		
Convertible debentures (note 4)	142,481	178,280
TOTAL LIABILITIES	310,266	246,084
SHAREHOLDERS' EQUITY		
Capital stock (note 5)	939,493	510,801
Warrants (note 6)	80,355	-
Contributed surplus	116,109	116,109
Accumulated other comprehensive income	11,703	7,991
Deficit	(648,328)	(489,519)
TOTAL SHAREHOLDERS' EQUITY	499,332	145,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	809,598	391,466

Going concern (note 1)

Subsequent events (note 13)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Approved on behalf of the Board of Directors

“Chris Dobbin”

(signed)

Director

“Michael O’Keefe”

(signed)

Director

Nova Leap Health Corp.

Condensed Consolidated Statement of Changes in Shareholders' Equity (Unaudited - United States dollars)

	Common shares	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
Balance – January 1, 2017	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382
Units issued for cash, net of issuance costs (note 5)	3,500,000	428,692	80,355	-	-	-	509,047
Net loss for the period	-	-	-	-	-	(158,809)	(158,809)
Other comprehensive income for the period	-	-	-	-	3,712	-	3,712
Balance – March 31, 2017	17,000,000	939,493	80,355	116,109	11,703	(648,328)	499,332
Balance – February 1, 2016	10,000,000	357,192	-	-	801	(7,753)	350,240
Shares issued for cash, net of issuance costs	3,500,000	153,609	-	-	-	-	153,609
Stock based compensation	-	-	-	107,975	-	-	107,975
Net loss for the period	-	-	-	-	-	(95,958)	(95,958)
Other comprehensive income for the period	-	-	-	-	33,153	-	33,153
Balance – April 30, 2016	13,500,000	510,801	-	107,975	33,954	(103,711)	549,019

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Condensed Consolidated Statement of Loss and Comprehensive Loss (Unaudited - United States dollars)

	For the three months ended	
	March 31, 2017	April 30, 2016
	\$	\$
Revenues		
Home care	40,131	-
Operating expenses		
Salaries and benefits	49,192	-
Home care office	14,298	-
	<u>63,490</u>	-
Corporate and administrative expenses		
Amortization (note 3)	659	-
Bad debt expense	332	-
Consulting fees, salaries & benefits	57,383	-
Foreign exchange gain	(2,454)	-
Insurance	2,142	-
Investor relations and shareholder communications	9,692	-
Office and other	10,329	-
Professional fees (note 8)	44,877	434
Stock based compensation	-	94,314
Transfer, filing and listing fees	13,813	1,210
Travel	4,316	-
	<u>141,089</u>	<u>95,958</u>
Loss from operating activities	<u>164,448</u>	<u>95,958</u>
Net finance expense		
Finance income	(189)	-
Finance expense	4,290	-
	<u>4,101</u>	-
Deferred income tax recovery (note 11)	<u>9,740</u>	-
Net loss	<u>158,809</u>	<u>95,958</u>
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation to presentation currency	<u>3,712</u>	<u>33,153</u>
Total comprehensive loss	<u>155,097</u>	<u>62,805</u>
Weighted average number of shares outstanding during the period (note 12)	14,316,667	10,157,303
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Consolidated Statement of Cash Flows (Unaudited - United States dollars)

	For the three months ended	
	March 31, 2017	April 30, 2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(158,809)	(95,958)
Amortization of intangible assets (note 3)	659	-
Deferred income tax recovery (note 11)	(9,740)	-
Stock based compensation	-	94,314
Effective interest on convertible debentures	4,260	-
Unrealized foreign exchange gain/loss	4,051	33,153
Net changes in non-cash working capital balances related to operations		
Change in accounts receivable	6,037	-
Change in prepaid expense	3,532	50,821
Change in sales tax recoverable	-	(5,768)
Change in accounts payable and accrued liabilities	96,652	(3,578)
	<u>(53,358)</u>	<u>72,983</u>
Financing activities		
Proceeds from issuance of Units, net of share issue costs (note 5)	509,047	167,270
Repayment of convertible debenture (note 4)	(37,069)	-
	<u>471,978</u>	<u>167,270</u>
Cash and cash equivalents – beginning of period	<u>148,275</u>	<u>296,671</u>
Cash and cash equivalents – end of period	<u>566,895</u>	<u>536,924</u>

The accompanying notes form an integral part of these unaudited condensed interim consolidated financial statements.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

1. Nature of operations and going concern

Nature of operations

Nova Leap Health Corp. (the "Corporation") is the parent company and was incorporated under the Canada Business Corporations Act on November 16, 2015. The Corporation completed its Qualifying Transaction ("QT") on October 13, 2016. The principal activities of the Corporation and its subsidiaries (the "Group") is to provide skilled and non-medical home care to clients. The Corporation's shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.V.

These unaudited condensed interim consolidated financial statements include the accounts of the Corporation and its United States subsidiaries, Nova Leap Health Corp. Holdings, Inc. and Nova Leap Health NH, LLC. The registered head office of the Corporation is located at Founder's Corner, 37 Wentworth Street, Unit 104, Dartmouth, NS B2Y 2S9, Canada.

The Corporation changed its year-end from October 31 to December 31. For details regarding the length and ending dates of the financial periods, including the comparative periods, of the interim and annual financial statements to be filed for the Corporation's transition year and its new financial year, reference is made to the Notice of Change of Fiscal Year End filed by the Company on SEDAR pursuant to National Instrument 51-102 on December 20, 2016.

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on May 25, 2017.

Going concern

The Corporation completed its QT on October 13, 2016 and had no source of revenue and incurred losses from the date of incorporation until the close of the QT. The Group is currently operating the home care services company in New Hampshire that it acquired through its subsidiary Nova Leap Health NH, LLC, doing business as Northern Family Home Care ("NFHC"). The Group continues to incur operating losses. The Group is pursuing a strategy of near term expansion and organic growth in New Hampshire and is also exploring further acquisition opportunities in Northeastern United States. The Corporation currently has a signed Asset Purchase Agreement for the purchase of All About Home Care ("AAHC") subject to financing, approval of the home health care license transfer by the state of Rhode Island and TSX Venture Exchange approval. AAHC has positive cash flow from operations (See Note 13 – subsequent events) and if the acquisition closes, will contribute to the Group's ability to reduce operating losses.

The Group's unaudited condensed interim consolidated financial statements as at March 31, 2017 have been prepared on the basis of International Financial Reporting Standards applicable to a going concern, which assumes the Group will continue in operation for the foreseeable future realizing its assets and settling its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the going concern assumption as the Group incurred a net loss for the period of \$158,809 and has not yet generated profit from operations. The continuing operations of the Group are dependent on its ability to develop profitable operations in the future and to raise adequate financing, if necessary. Management's view is that working capital is sufficient, but if necessary, additional working capital can be obtained from internal and external sources to meet the Group's liabilities and commitments. The Group has raised funds through equity and convertible debt offerings and has a private placement underway to raise additional funds (See Note 13 – Subsequent events).

There can be no assurance that the Group will be successful in achieving profitability or raising additional cash to finance operations. These consolidated financial statements do not include any adjustments related to the recoverability and classification of assets or the amounts and classification of liabilities that might be necessary should the Group be unable to continue as a going concern, and these adjustments could be material.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

2. Significant accounting policies

a) Statement of compliance

These unaudited condensed interim consolidated financial statements are prepared in accordance with IAS 34, Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). These unaudited condensed interim consolidated financial statements were prepared using the same accounting policies and methods of computation, and are subject to the same use of estimates and judgments, as the Corporation’s consolidated financial statements for the period from November 15, 2015, date of incorporation, to December 31, 2016. These unaudited condensed interim consolidated financial statements do not include all disclosures required by International Financial Reporting Standards (“IFRS”) for annual consolidated financial statements and accordingly should be read in conjunction with the Corporation’s audited consolidated financial statements for the period from November 15, 2015, date of incorporation, to December 31, 2016. prepared in accordance with IFRS as issued by the IASB.

b) Accounting changes

The Corporation has adopted the amendments to IAS 7, Statement of Cash Flows and IAS 12, Income Taxes. The adoption of the amendments did not have an impact on the consolidated financial statements.

3. Intangible assets

The changes in intangible assets for the period are as follows:

	March 31, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	5,700	-
Addition	-	60,000
Amortization	(659)	(3,244)
Impairment loss	-	(51,056)
Balance, end of period	5,041	5,700

4. Convertible debentures

The changes in convertible debentures for the period are as follows:

	March 31, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	178,280	-
Issued	-	188,993
Effective interest	340	697
Repayment in cash	(37,069)	-
Unrealized foreign exchange	930	(11,410)
Balance, end of period	142,481	178,280

For the three months ended March 31, 2017, one convertible debenture with principal of \$50,000 CAD was repaid in cash. Of the balance above, \$89,763 (December 31, 2016 - \$124,796) are convertible debentures held by directors or companies controlled by directors.

On October 25, 2016, the Corporation completed a non-brokered private placement by the issuance of convertible debentures for proceeds of \$188,993 (\$250,000 CAD). The debentures will mature in 24 months, bear interest at the rate of 7.5% per annum and contain a conversion price of CAD \$0.20 per common share of the Corporation. Any common shares of the Company issued upon conversion of the convertible debentures will be subject to Exchange Tier 2 escrow.

Interest shall be payable in arrears annually, commencing on October 25, 2017 and subsequently on the 25th of each year. Interest expense is included in finance expense on the Consolidated Statement of Loss and Comprehensive Loss.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

5. Capital stock

a. Authorized:

Unlimited number of common shares, without nominal or par value

b. Issued and outstanding:

	For the three months ended			
	March 31, 2017		December 31, 2016	
	Number of Shares	Value \$	Number of Shares	Value \$
Balance, beginning of period	13,500,000	510,801	-	-
Shares issued for cash, net of issue costs	3,500,000	428,692	13,500,000	510,801
Balance, end of period	17,000,000	939,493	13,500,000	510,801

On March 10, 2017, the Corporation closed a non-brokered private placement and raised \$518,969 (\$700,000 CAD) net of share issue costs of \$9,922 (\$13,384 CAD) through the issuance of 3,500,000 Units at a price of \$0.20 CAD per unit. Each unit is comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation for \$0.35 CAD for a period of 24 months from the closing date. \$80,355 (\$108,385 CAD) was allocated to the warrants. The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component. The fair value of the warrants was determined using the Black-Scholes pricing model.

All securities issued pursuant to the private placement are subject to a 4 month hold period that expires on July 11, 2017.

Of the 10,000,000 common shares issued in January 2016 which were subject to an escrow agreement, 9,000,000 shares were in escrow at March 31, 2017.

5. Warrants

	March 31, 2017	
	Number of warrants	Exercise price (CAD)
Balance, beginning of period	-	-
Warrants issued for cash, net of issue costs	1,750,000	\$0.35
Balance, end of period	1,750,000	\$0.35

On March 10, 2017, in connection with the private placement, the Corporations issued 1,750,000 warrants with an exercise price of \$0.35 CAD and expire on March 9, 2019.

The weighted average contractual life outstanding as at March 31, 2017 is 1.94 years.

6. Stock based compensation

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants. The total number of options issued and outstanding at any time cannot exceed 10% of the issued and outstanding common shares of the Corporation unless shareholder and regulatory approvals are obtained. Options granted under the Plan have a ten-year term and are non-transferable. Options vest immediately upon granting and may be exercised until the greater of twelve months after the completion of the QT and ninety days following the date of termination of employment or holding office as a director or officer of the Corporation and, in the case of death, expire within one year thereafter. Options are granted at a price no lower than the market price of the common shares less any discounts allowed by the TSX Venture Exchange at the time of the grant.

There were no changes in the incentive stock options during the period.

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Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

7. Stock based compensation

The following table summarizes information concerning outstanding options, all of which are exercisable at March 31, 2017:

Expiry date	Number of options	Exercise price (CAD)
April 26, 2018	350,000	0.10
April 26, 2026	1,350,000	0.10
	1,700,000	0.10

The weighted average contractual life outstanding as at March 31, 2017 is 7.43 years.

8. Related party transactions

Legal services were provided by a firm of which a shareholder of the Corporation is the sole lawyer practitioner. The cost of these services during the three months ended March 31, 2017 and April 30, 2016 was \$8,633 (\$34,405 – April 30, 2016). Of the amounts incurred for legal services, \$6,416 (\$33,716 – April 30, 2016) was included in share issuance costs and \$2,217 (\$688 – April 30, 2016) as professional fees. These transactions were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the parties.

During the three months ended March 31, 2017 and April 30, 2016, a company controlled by the CEO billed a total \$4,475 (nil – April 30, 2016) for the rental of office space.

Key management personnel

Key management personnel of the Group are members of the Board of Directors, as well as the Chief Executive Officer, the Chief Financial Officer and the Corporate Secretary. Key management personnel remuneration for the periods include the following expenses:

	Three months ended	
	March 31, 2017	April 30, 2016
Consulting fees and salary	\$64,425	-
Stock based compensation	-	\$94,314
	\$64,425	\$94,314

As at March 31, 2017, there was \$74,798 included in Accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2016 – \$27,144).

9. Financial instruments

Credit risk

Credit risk is the risk that a counterparty fails to discharge an obligation to the Group. The Group is exposed to this risk for various financial instruments, for example by granting receivables to customers and placing deposits. The Group's maximum exposure to credit risk is limited to the carrying amount of financial assets recognized at March 31, 2017, as summarized below:

Classes of financial assets – carrying amounts	March 31, 2017	December 31, 2016
Cash and cash equivalents	\$566,895	\$148,275
Accounts receivable	11,912	17,949
	\$578,807	\$166,224

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

9. Financial instruments (continued)

In respect of trade account receivables, the Group is exposed to a certain level of credit risk as the amounts are uncollateralized. Credit risk for accounts receivable is the risk of loss associated with a client's inability to fulfil its payment obligations. The largest exposure to credit risk is in relation to receivables. The Group mitigates credit risk by actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at March 31, 2017, management believes that counterparty concentrations are in the normal course of business and are not unusual.

The credit risk for cash and cash equivalents is considered low as the Group maintains the majority of its cash with a Schedule I bank in Canada.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group's approach to managing liquidity risk is to closely monitor working capital balances as compared to budgeted upcoming expenses and expected due diligence and acquisition expenses. The Group raises funds, primarily through private placement or convertible debt if a shortfall is anticipated. As at March 31, 2017, the Group had a cash and cash in trust balance of \$566,895. The Group's ability to continue to meet its liabilities when due, beyond the current cash balance, is dependent on the growth of the home care business acquired as well as future support of shareholders through public or private equity offerings. Refer to note 1, Going Concern.

The following table shows the timing of cash outflows relating to accounts payable and accrued liabilities and convertible debentures.

	< 1 year	1-2 years	3-5 years	> 5 years
	\$	\$	\$	\$
Account payable and accrued liabilities	167,785	-	-	-
Convertible debentures	-	142,481	-	-

Market risk

The Group is exposed to market risk through its use of financial instruments and specifically to currency risk, which result from both its operating and financing activities.

Foreign currency sensitivity

The Group's operations are carried out in USD. Exposure to currency exchange rates arise from the fact that the Group's equity offerings have been denominated in CAD and will be denominated in CAD for the foreseeable future as the Corporation's shares are listed on a Canadian stock exchange. Management's intention is for the US operation to be cash flow positive within the first 12-18 months of operations therefore reducing the reliance on any need to use CAD equity or debt financing for working capital purposes.

The Group's exposure to CAD dollar currency risk was as follows:

	March 31, 2017	December 31, 2016
	\$	\$
Cash and cash equivalents	746,162	180,059
Accounts payable & accrual liabilities	(188,117)	(78,214)
Convertible debentures	(189,903)	(240,092)
	(368,142)	(138,247)

Sensitivity to a plus or minus 1.0% change in the CAD dollar exchange rate would affect net loss and comprehensive loss and deficit by approximately \$2,800.

10. Segment reporting

The Group's revenues from external customers and its non-current assets are all attributable to the United States. Revenues from external customers are identified based on the client's geographical location. Non-current assets are allocated based on their physical location.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three months ended March 31, 2017 and April 30, 2016

11. Income taxes

The Group recognized \$9,740 deferred income tax recovery for the three months ended March 31, 2017 (April 30, 2016 – nil) for non-capital loss carry-forwards for the Corporation's subsidiary Northern Family Home Care.

Deferred tax assets / (liabilities) arising from temporary differences and non-capital losses are summarized as follows:

	Canada	US	Total
Non-capital loss carry-forwards	146,259	18,746	165,005
Intangible assets and goodwill	-	19,050	19,050
Share issuance costs	31,373	-	31,373
Convertible debentures	(2,348)	-	(2,348)
Valuation allowance	(175,284)	-	(175,284)
Deferred tax asset (liability)	-	37,796	37,796

12. Earnings per Share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that convertible debentures, stock options, agent's options and warrants have been exercised on the later of the beginning of the period and the date granted. As of March 31, 2017, all options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would have been antidilutive.

13. Subsequent events

Subsequent to March 31, 2017, the Corporation announced that it had entered into a definitive asset purchase agreement with All About Home Care, LLC ("AAHC") dated April 20, 2017 ("Definitive Agreement") to purchase substantially all of the business assets of AAHC located in Rhode Island, USA ("the Acquisition") subject to financing, approval of the home health care license transfer by the state of Rhode Island and TSX Venture Exchange approval. Under the terms of the Definitive Agreement, substantially all the business assets of AAHC will be purchased by a Nova Leap subsidiary for a total purchase price of \$1.2 million. The purchase is expected to be funded by a combination of cash and debt. Upon closing of the Acquisition, the Nova Leap Subsidiary will continue to carry on business as All About Home Care.

Subsequent to March 31, 2017, concurrent with the Acquisition, Nova Leap will undertake a non-brokered private placement to raise up to \$1 million CAD by the sale of units of the Company at a price of \$0.20 CAD per unit. Each unit is comprised of one common share of the Company and a one-half common share purchase warrant. Two half-warrants entitle the holder to acquire one common share of the Company for \$0.35 CAD for a period of 24 months from the closing date of this private placement. The common shares and warrants are subject to a 4 month hold period. Insiders of Nova Leap may participate in the private placement.

In connection with the offering, a finder's fee may be paid consisting of a cash payment equal to up to 6% of the proceeds raised from this private placement and that number of non-transferable finder's fee warrants as is equal to up to 6% of the number of common shares issued pursuant to this private placement at closing. Each finder's fee warrant will be exercisable into one common share of the Company at \$0.35 CAD per share for a period of 24 months from the closing date. The proceeds from the private placement will be used to partially fund the Acquisition and for general working capital purposes.

The private placement is subject to TSX Venture Exchange and other required regulatory approval.