Nova Leap Health Corp.

Interim Consolidated Financial Statements
For the period from November 16, 2015,
date of incorporation, to October 31, 2016

(United States dollars)
(Unaudited)

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 interim consolidated financial statements, they must be accompanied by a notice to this effect. These unaudited interim consolidated financial statements have been prepared by management of the Corporation. Management have compiled the unaudited interim consolidated statements of financial position of Nova Leap Health Corp. as at October 31, 2016 and the unaudited interim consolidated statements of comprehensive loss, changes in equity and cash flows for the three months ended October 31, 2016 and the period from the date of incorporation, November 16, 2015 to October 31, 2016. The Corporation's independent auditors have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the October 31, 2016 unaudited interim consolidated financial statements. Readers are cautioned that these statements may not be appropriate for their intended purposes.

Nova Leap Health Corp.

Interim Consolidated Statement of Financial Position
(United States dollars)
(Unaudited)
As at October 31, 2016

	$
ASSETS	
Current assets	
Cash and cash equivalents	227,156
Accounts receivable	13,388
Prepaid expenses	11,144
Sales tax recoverable	31,536
	283,224
Non-current assets	
Intangible assets (note 3)	60,000
Goodwill (note3)	180,000
	240,000
	523,224
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	81,551
Non-current liabilities	
Convertible debentures (note 5)	178,395
Shareholders' Equity	
Capital stock (note 6)	510,801
Contributed surplus (note 6)	116,109
Deficit	(371,377)
Accumulated other comprehensive income	7,745
	263,278
	523,224

Going concern (note 1)
Subsequent events (note 10)

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

Approved on behalf of the Board of Directors

"Chris Dobbin"	"Michael O'Keefe"
(signed) Director	(signed) Director

Nova Leap Health Corp.

Interim Consolidated Statement of Changes in Shareholders' Equity
(United States dollars)
(Unaudited)
For the period from November 16, 2015, date of incorporation, to October 31, 2016

	Common shares	Share capital $	Contributed surplus $	Accumulated other comprehensive income $	Deficit $	Total equity $
Balance – August 1, 2016	13,500,000	510,801	107,975	-	(183,503)	435,273
Equity component of convertible debentures (note 5)	-	-	8,134	-	-	8,134
Net loss for the period	-	-	-	-	(187,874)	(187,874)
Comprehensive income for the period	-	-	-	7,745		7,745
Balance – October 31, 2016	13,500,000	510,801	116,109	7,745	(371,377)	263,278
Balance – November 16, 2015	-	-	-	-	-	-
Shares issued for cash (note 6)	10,000,000	357,192	-	-	-	357,192
Shares issued, net of issuance costs (note 6)	3,500,000	153,609	-	-	-	153,609
Stock based compensation (note 6)	-	-	107,975	-	-	107,975
Equity component of convertible debentures (note 5)	-	-	8,134	-	-	8,134
Net loss for the period	-	-	-	-	(371,377)	(371,377)
Comprehensive income for the period	-	-	-	7,745	-	7,745
Balance – October 31, 2016	13,500,000	510,801	116,109	7,745	(371,377)	263,278

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

Nova Leap Health Corp.

Interim Consolidated Statement of Loss and Comprehensive Loss
(United States Dollars)
(Unaudited)

	For the three months ended October 31, 2016	For the period from November 16, 2015, date of incorporation, to October 31, 2016
	$	$
Revenues		
Home care	13,388	13,388
Operating expenses		
Salaries and benefits	14,242	14,242
Home care office	2,844	2,844
	17,086	17,086
Corporate and administrative expenses		
Consulting fees	28,395	31,870
Foreign exchange gain	(2,120)	(2,075)
Insurance	816	816
Investor relations and shareholder communications	25,343	27,382
Office and other	5,030	5,345
Professional fees (note 7)	109,356	177,798
Stock based compensation (note 6)	-	94,314
Subscriptions and conferences	-	2,673
Transfer, filing and listing fees	11,730	18,849
Travel	5,834	11,501
	184,384	368,473
Interest income	208	794
Net loss for the period	**187,874**	**371,377**
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translating foreign operations	7,745	7,745
Total comprehensive loss for the period	**180,129**	**363,632**
Weighted average number of shares outstanding during the period	13,500,000	10,582,142
Basic and diluted loss per share	$ (0.01)	$ (0.03)

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

Nova Leap Health Corp.

Interim Consolidated Statement of Cash Flows
(United States dollars)
(Unaudited)
For the period from November 16, 2015, date of incorporation, to October 31, 2016

	For the period from November 16, 2015, date of incorporation, to October 31, 2016
	$
Cash provided by (used in)	
Operating activities	
Net loss for the period	(371,377)
Stock based compensation (Note 6)	94,314
Unrealized foreign exchange gain/loss	7,745
Net changes in non-cash working capital balances related to operations	
Increase in accounts receivable	(13,388)
Increase in prepaid expense	(11,144)
Increase in sales tax recoverable	(31,536)
Increase in accounts payable and accrued liabilities	81,551
	(243,835)
Investing activities	
Acquisition of Northern Family Home Care	(240,000)
Financing activities	
Proceeds from issuance of common shares, net of share issue costs	524,462
Proceeds from issuance of convertible debentures	186,529
	710,991
Cash and cash equivalents – beginning of period	-
Cash and cash equivalents – end of period	227,156

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

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 subsidiaries (the Group) is to provide non-medical home care to clients.

These 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 from the date of their incorporation on July 22, 2016.

The head office and the registered head office of the Corporation are located at Founder's Corner, 37 Wentworth Street, Unit 104, Dartmouth, NS B2Y 2S9, Canada.

The interim consolidated financial statements were approved by the Board of Directors on December 19, 2016.

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 Corporation is currently operating the home care services company in New Hampshire that it acquired, Nova Leap Health NH, LLC doing business as Northern Family Home Care ("NFHC"). The Corporation continues to incur operating losses. The Corporation is pursuing a strategy of near term expansion and organic growth in New Hampshire and is also examining further acquisition opportunities in New England States.

The Corporation's interim consolidated financial statements as at October 31, 2016 have been prepared on the basis of International Financial Reporting Standards applicable to a going concern, which assumes the Corporation will continue in operation for the foreseeable future realize its assets and settle its liabilities and commitments in the normal course of business. There is significant doubt about the appropriateness of the going concern assumption as the Corporation incurred a net loss for the period of $371,377. The Corporation has raised funds through equity and convertible debt offerings. Management cannot provide assurance that the Corporation will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital.

These interim 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 Corporation be unable to continue as a going concern, and these adjustments could be material.

2. Significant accounting policies

Statement of compliance
The interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

a) Basis of measurement
The interim consolidated financial statements are prepared on a historical cost basis except for any financial assets and liabilities classified as available for sale or fair value through profit and loss which are stated at fair value, stock based compensation plans and convertible debentures.

2. Significant accounting policies (continued)

b) Basis of consolidation

The interim consolidated financial statements consolidate those of the parent company and its subsidiaries. All transactions and balances between group companies are eliminated on consolidation, including unrealized gains and losses on transactions between group companies. Amounts reported in the financial statements of the subsidiary have been adjusted where necessary to ensure consistency with accounting policies adopted by the group. Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognized from the effective date of acquisition, or up to the effective date of disposal, as applicable.

c) Business combinations

The Group applies the acquisition method in accounting for business combinations. The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

Assets acquired and liabilities assumed are generally measured at their acquisition-date fair values.

d) Foreign currency translation

Functional and presentation currency

The interim consolidated financial statements are presented in currency United States dollars ("USD"), which is also the functional currency of the subsidiaries. The functional currency of Nova Leap Health Corp., the parent, is Canadian dollars ("CAD")

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the respective group entity, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items denominated in foreign currency at year-end exchange rates are recognized in profit or loss.

Non-monetary items are measured at historical costs (transacted using the exchange rates at the transaction date) except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign operations

In the Group's financial statements, all assets, liabilities and transactions of Group entities with a functional currency other than the USD are translated into USD upon consolidation. The functional currency of the entities in the Group has remained unchanged during the reporting period.

On consolidation, assets and liabilities have been translated into USD at the closing rate at the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity have been treated as assets and liabilities of the foreign entity and translated into USD at the closing rate. Income and expenses have been translated into USD at the average rate over the reporting period. Exchange differences are charged or credited to other comprehensive income and recognized in the accumulated other comprehensive income in equity. On disposal of a foreign operation, the related cumulative translation differences recognized in equity are reclassified to profit or loss and are recognized as part of the gain or loss on disposal.

e) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and cash held in trust when cash held in trust is not restricted for use. Interest earned is recognized in the interim consolidated statement of loss and comprehensive loss.

f) Intangible assets

Initial recognition of other intangible assets

Brand names and customer lists acquired in a business combination that qualify for separate recognition are recognized as intangible assets at their fair values.

2. Significant accounting policies (continued)

Subsequent measurement
All finite-lived intangible assets are accounted for using the cost model whereby capitalized costs are amortized on a straight-line basis over their estimated useful lives. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing. The following useful lives are applied:

- customer lists: 4 years.

g) Goodwill
Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses.

h) Convertible debentures
The initial carrying amount of convertible debentures is allocated to its equity and liability components. The equity component is assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

Transaction costs of an equity transaction are deducted from equity. Transaction costs related to an issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

i) Stock-based compensation
The Corporation has a stock-based compensation plan that is described in note 6. The Corporation accounts for stock options using the fair value method by applying the Black Scholes model. The estimated fair value of all stock options granted is recorded in the statement of loss over their vesting periods except for amounts related to agents' options on share issuances which are recorded as share issuance cost as outlined below.

j) Equity and reserves
Share capital represents the nominal (par) value of shares that have been issued.

Costs directly attributable to the raising of capital are charged against the related share capital. Costs related to shares not yet issued are recorded as deferred share issuance costs. These costs are deferred until the issuance of the shares to which the costs relate, at which time the costs will be charged against the related share capital or charged to operations if the shares are not issued.

Other components of equity include the following:

- Translation reserve – comprises foreign currency translation differences arising from the translation of financial statements of the Group's foreign entities into USD.

k) Loss per share
The Company presents basic and diluted earnings per share data for its common shares. Basic earnings per share is calculated by dividing earnings attributable to equity shareholders by the weighted average number of common shares outstanding during the period. Diluted earnings per share are determined by adjusting the weighted average number of common shares for the dilutive effect of share-based payments, employee incentive share units, and warrants using the treasury stock method (if, and when, applicable). Under this method, stock options, whose exercise price is less than the average market price of the Corporation's common shares, are assumed to be exercised and the proceeds used to repurchase common shares at the average market price for the period. The incremental number of common shares issued under stock options and repurchased from proceeds is included in the calculation of diluted earnings per share.

2. Significant accounting policies (continued)

l) Revenue

The Group generates home care revenues by providing services directly to clients. The Group receives payments for providing services from private individuals. Revenue is recognized at an hourly rate specified in client agreements and recognized as revenue at the time services are rendered.

m) Income taxes

The Corporation uses the liability method of accounting for income taxes.

Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability is settled. The effect on deferred tax assets or liabilities of a change in tax rates is recognized in income in the period that substantive enactment or enactment occurs.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit; and

- In respect of taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled by the parent, or venture and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- When results from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences associated with investments in subsidiaries, and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

n) Management estimates

The preparation of interim consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the period. Actual results may differ from those estimates.

Estimates and assumptions that could have a significant impact on the amounts recognized in the interim consolidated financial statements are summarized below. Estimates are based on management's best knowledge of current events and actions that the Corporation may undertake in the future.

2. Significant accounting policies (continued)

Share-based payments
The Company issued equity-settled share-based payments to certain employees and third parties outside the Company. Equity-settled share-based payments are measured at fair value, excluding the effect of non-market based vesting conditions, at the date of grant. Fair value is estimated using the Black-Scholes pricing model and requires the exercise of judgment in relation to variables such as expected volatilities which are based on information available at the time the fair value is measured.

Fair value measurement
Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date (see Note 33).

Business combinations
Management uses valuation techniques when determining the fair values of certain assets and liabilities acquired in a business combination. In particular, the purchase price allocation and amounts attributable to customer lists and goodwill are estimated using fair value techniques and is dependent on a number of factors including estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. The Company bases its fair value estimates on assumptions the Company believes to be reasonable but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

o) Financial instruments

The Corporation has classified its cash and cash equivalents and accounts receivables as "Loans and receivables". After its initial measurement, it is measured at amortized cost using the effective interest method, less any provision for impairment.

All financial instruments are recorded initially at fair value. In subsequent periods, all financial instruments are measured based on the classification adopted for the financial instrument, including: held to maturity, loans and receivables, fair value through profit or loss ("FVTPL"), available for sale, FVTPL liabilities or other liabilities.

FVTPL assets and liabilities are subsequently measured at fair value with the change in the fair value recognized in net income (loss) during the period.

Held to maturity assets, loans and receivables, and other liabilities are subsequently measured at amortized cost using the effective interest rate method.

Available for sale assets are subsequently measured at fair value with the changes in fair value recorded in other comprehensive income (loss), except for equity instruments without a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost.

The Corporation has classified its financial instruments as follows:

- Cash and cash equivalents / sales tax recoverable – Loans and receivables
- Accounts receivable – Loans and receivables
- Accounts payable and accrued liabilities - other liabilities
- Convertible debentures – other liabilities

Additional fair value measurement disclosure includes classification of financial instrument fair values in a fair value hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements which are as follows:

2. Significant accounting policies (continued)

o) Financial instruments (continued)

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices, such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

There are no financial instruments measured at fair value on the Statement of Financial Position as at October 31, 2016.

p) Future accounting standards issued but not yet applied

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2016 and have not been applied in preparing these interim consolidated financial statements. Accordingly, the Corporation expects to adopt these standards as set forth below.

i) IFRS 9, Financial Instruments

IFRS 9, introduces new requirements for the classification and measurement of financial assets. IFRS 9 requires all recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement to be measured at amortized cost or fair value in subsequent accounting periods following initial recognition. Specifically, financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other financial assets including equity investments are measured at their fair values at the end of subsequent accounting periods.

Requirements for classification and measurement of financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, Financial Instruments – Recognition and Measurement, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income.

IFRS 9 was amended in November 2013 to (i) include guidance on hedge accounting, (ii) allow entities to early adopt the requirement to recognize changes in fair value attributable to changes in an entity's own credit risk, from financial liabilities designated under the fair value option, in other comprehensive loss, without having to adopt the remainder of IFRS 9, and (iii) remove the previous mandatory effective date for adoption of January 1, 2015, although the standard is available for early adoption.

The final version of IFRS was issued in July 2014 and includes: (i) a third measurement category for financial assets – fair value through other comprehensive income; (ii) a single, forward-looking expected loss impairment model; and (iii) a mandatory effective date for IFRS 9 of annual periods beginning on or after January 1, 2018, with early adoption permitted. The Corporation is currently evaluating the impact of the new standard on its financial statements.

2. Significant accounting policies (continued)

p) Future accounting standards issued but not yet applied (continued)

ii) IFRS 15, Revenue from Contracts with Customers

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 ‘Revenue’, IAS 11 ‘Construction Contracts’, and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities. IFRS 15 is effective for annual reporting periods beginning on or after January 1, 2018. Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

iii) IFRS 16, Leases

IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, Leases. The new standard brings not most leases on the balance sheet for lessees under a single model and eliminates the distinction between operating and finance leases. Lessor accounting remains largely unchanged. IFRS 16 becomes effective for annual periods beginning on or after January 1, 2019. The Corporation is currently evaluating the impact of IFRS 16 on its consolidated financial statements.

iv) IAS 7, Statement of Cash Flows

New accounting standard amendment requiring entities to provide disclosures that enable users of the financial statements to evaluate changes in liabilities arising from financing activities. IAS 7 is effective for annual periods beginning on or after January 1, 2017.

v) IAS 12, Income Taxes

New accounting standard amendment clarifying how to account for deferred tax assets related to debt instruments measured at fair value. IAS 12 is effective for annual periods beginning on or after January 1, 2017.

(United States dollars)

3. Business combination

On October 13, 2016 the Corporation acquired the home care assets ("Significant Assets") of Northern Family Home Care, Inc. located in New Hampshire, USA. Pursuant to the terms of the Definitive Agreement, Nova Leap's U.S. subsidiary, Nova Leap Health NH, LLC (the "Nova Leap Subsidiary"), acquired the Significant Assets from Northern Family Home Care Inc. for a total purchase price of US$240,000. The acquisition fulfilled the requirements for Nova Leap's Qualifying Transaction and is in line with the objective of management to acquire private home care businesses in the United States.

The details of the business combination are as follows:

Fair value of consideration transferred	
Cash	$240,000
Recognized amounts of identifiable net assets	
Intangible assets (customer lists)	$60,000
Goodwill	$180,000
	$240,000

Identifiable net assets
The fair value of the customer lists acquired as part of the business combination amounted to $60,000.

Goodwill
Goodwill of $180,000 is primarily related to growth expectations, expected future profitability and the assembled workforce.

Northern Family Home Care's ("NFHC") contribution to Group results
NFHC incurred a loss of $3,698 for the period from the date of acquisition, October 13, 2016, to the reporting date, primarily due to one-time office set up costs.

4. Capital management

The Corporation manages its capital structure and makes adjustments to it, based on the funds available to the Corporation, in order to support the identification and evaluation of further home care business or asset acquisitions and continue as a going concern. The Corporation considers capital to be shareholders' equity and convertible debentures. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Corporation's management to sustain future development of the business. Additional funds may be required to finance further acquisitions and corporate and administrative expenses.

5. Convertible debentures

On October 25, 2016, the Corporation completed a non-brokered private placement by the issuance of convertible debentures for the amount of $186,529 USD ($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.

(United States dollars)

5. Convertible debentures (continued)

The initial carrying amount of the convertible debentures was allocated as follows:

Liability	$178,395
Equity	$8,134
	$186,529

The equity component was assigned the residual amount after deducting from the fair value of the instrument as a whole the amount separately determined for the liability component.

6. Capital stock

Authorized

Unlimited number of common shares, without nominal or par value

	Number of Shares	Value $
Issued		
Shares issued for cash	10,000,000	357,192
Shares issued for cash, net of share issue costs	3,500,000	153,609
Balance – end of period	13,500,000	510,801

During the period, the Corporation issued 10,000,000 common shares at CAD $0.05 per share for proceeds of $357,192 USD ($500,000 CAD), which are subject to an escrow agreement. The issued and outstanding common shares will be held in escrow pursuant to the requirements of the Exchange and terms of escrow agreement and will be released from escrow in stages over a period of up to three years after the date of the Company receiving the final Exchange acceptance of the QT. At October 31, 2016, 10,000 shares were in escrow.

On April 26, 2016, the Corporation completed an Initial Public Offering issuing 3,500,000 shares at CAD $0.10 per share for gross proceeds of $275,979 USD ($350,000CAD). The capital stock value is net of share issuance costs of $122,369 USD ($166,371 CAD) of which $13,661 USD ($17,325 CAD) relates to the valuation of the agent options issued and constitutes a non-cash item.

Stock options

The Corporation has a common share purchase option plan (the "Plan") for directors, officers, employees and consultants, subject to shareholder approval. 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. .

(United States dollars)

6. Capital stock (continued)

In determining the stock-based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model.

On April 26, 2016 the Corporation granted 1,350,000 options to officers and directors of the Corporation. The options were priced at CAD $0.10 per share and expire on April 26, 2026. In addition to the options issued under the stock option plan, the Corporation also issued 350,000 options to the agent with an exercise price of CAD $0.10 per share and expire on April 26, 2018. In determining the stock based compensation expense, the fair value of options issued is estimated using the Black-Scholes option pricing model.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the period:

Risk-free interest rate	1.38%
Expected volatility	100%
Expected dividend yield	0%
Expected life	7.7 years

Contributed Surplus

Contributed surplus is made up of $94,314 relating to the options issued to directors and officers and $13,661 relating to the options given to the agent and $8,134 related to the equity component of the convertible debentures.

7. 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 period was $68,380. Of the amounts incurred for legal services, $35,515 was included in share issuance costs, $3,948 are included in transfer, filing and listing fees and $28,917 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.

There were no other transactions with related parties and no remuneration paid to key management personnel during the period from November 16, 2015, date of incorporation, to October 31, 2016.

8. 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 October 31, 2016, as summarized below:

Classes of financial assets – carrying amounts	
Cash and cash equivalents	$227,156
Accounts receivable	$13,388
Sales tax recoverable	$31,536
	$272,080

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 patient's inability to fulfil its payment obligations. The largest exposure to credit risk is in relation to receivables. The Corporation mitigates credit risk by actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at October 31, 2016 management believes that counterparty concentrations are in the normal course of business and are not unusual.

8. Financial instruments (continued)

The credit risk for cash and cash equivalents is considered low as the Group maintains the majority of its cash with an accredited bank.

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Corporation's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at October 31, 2016, the Corporation had a cash and cash in trust balance of $227,156. The Corporations' 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.

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. Management's intention is for the US operation to be cash flow positive within the first year of operations therefore reducing the reliance on any need to use CAD equity or debt financing for working capital purposes.

9. Income taxes

a) Losses
The Corporation has non-capital tax losses of approximately $85,890 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire in 2036.

b) The Corporation's effective income tax rate differs from the amount that would be computed from applying the federal and provincial statutory rate of 31% to the pre-tax net loss for the period. The reasons for the difference are as follows:

	3 months ended October 31, 2016	For the period from November 16, 15 to October 31, 2016
	$	$
Loss before income taxes	187,874	371,377
Income tax recovery based on substantively enacted rates	58,241	115,127
Stock based compensation	-	(29,237)
Current period loss for which no asset recognized	(58,241)	(85,890)
	-	-

c) The following deductible temporary difference and non-capital losses have not been recognized in the interim consolidated financial statements:

	For the period from November 16, 15 to October 31, 2016
Non-capital loss carry-forwards	$ 85,890
Share issuance costs	37.934
	$ 123,824

10. Subsequent events

Subsequent to October 31, 2016, the Corporation announced that it has undertaken a non-brokered private placement financing to raise up to $2,000,000 CAD by the sale of units of the Company at a price of CAD $0.20 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 CAD $0.35 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.

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 CAD $0.35 per share for a period of 24 months from the closing date.

The proceeds from the private placement will be used for general working capital purposes.