Nova Leap Health Corp.

Consolidated Financial Statements
For the year ended December 31, 2017
and for the period from November 16, 2015,
date of incorporation, until December 31, 2016

(United States dollars)

Independent auditor's report

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To the Shareholders of
Nova Leap Health Corp.

We have audited the accompanying consolidated financial statements of Nova Leap Health Corp., which comprise the statement of financial position as at December 31, 2017 and 2016, and the statements of loss and comprehensive loss, changes in equity and cash flows for the year ended December 31, 2017 and for the period from November 16, 2015 (date of incorporation) to December 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Nova Leap Health Corp. as at December 31, 2017 and 2016, and its consolidated financial performance and cash flows for the year ended December 31, 2017 and for the period from November 16, 2015 (date of incorporation) to December 31, 2016 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the consolidated financial statements which indicates the existence of a material uncertainty that may cast significant doubt about Nova Leap Health Corp.'s ability to continue as a going concern.

Grant Thornton LLP

Halifax, Canada
March 8, 2018

Chartered Professional Accountants
Licensed Public Accountants

Nova Leap Health Corp.

Consolidated Statement of Financial Position
(United States dollars)

	December 31, 2017 $	December 31, 2016 $
ASSETS		
Current assets		
Cash and cash equivalents	**136,820**	148,275
Accounts receivable	**269,947**	17,949
Prepaid expenses	**59,153**	11,486
Total current assets	**465,920**	177,710
Non-current assets		
Property, plant and equipment (note 4)	**3,225**	-
Intangible assets (note 5)	**226,493**	5,700
Goodwill (note 6)	**2,116,500**	180,000
Deferred income tax asset (note 7)	**102,308**	28,056
Total non-current assets	**2,448,526**	213,756
TOTAL ASSETS	**2,914,446**	391,466
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	**452,890**	67,428
Client deposits payable	**99,463**	376
Demand loan (note 10)	**540,545**	-
Total current liabilities	**1,092,898**	67,804
Non-current liabilities		
Convertible debentures (note 11)	**-**	178,280
TOTAL LIABILITIES	**1,092,898**	246,084
SHAREHOLDERS' EQUITY		
Common shares (note 12)	**2,596,157**	510,801
Warrants (note 13)	**399,980**	-
Contributed surplus (note 15)	**107,975**	116,109
Accumulated other comprehensive income	**58,564**	7,991
Deficit	**(1,341,128)**	(489,519)
TOTAL SHAREHOLDERS' EQUITY	**1,821,548**	145,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**2,914,446**	391,466

Going concern (note 1)
Subsequent events (note 21)

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

Approved on behalf of the Board of Directors

(signed) Director (signed) Director

Nova Leap Health Corp.

Consolidated Statement of Loss and Comprehensive Loss
(United States dollars)
For the year ended December 31, 2017 and
for the period from November 16, 2015, date of incorporation, to December 31, 2016

	2017	2016
	$	$
Service revenue	**1,059,845**	39,991
Cost of service revenue	**693,945**	24,550
Gross margin	**365,900**	15,441
Corporate and administrative expenses		
Advertising	**13,036**	1,725
Allowance for doubtful sales tax (note 20)	**-**	36,172
Amortization (note 4 and 5)	**35,591**	3,244
Conferences and subscriptions	**14,173**	6,801
Foreign exchange loss (gain)	**43,825**	(1,622)
Impairment loss (note 5)	**3,891**	51,056
Information technology, software and support	**18,167**	318
Insurance	**16,793**	3,061
Investor relations and shareholder communications	**55,143**	32,292
Management and consulting (note 8)	**536,639**	79,201
Office and other	**88,266**	13,987
Professional fees (note 8)	**351,473**	170,733
Stock based compensation (note 14)	**-**	94,314
Transfer agent, filing and listing fees	**41,196**	22,315
Travel expense	**54,857**	17,084
	1,273,050	530,681
Loss from operating activities	**907,150**	**515,240**
Net finance expense		
Finance income	**(3,130)**	(895)
Finance expense	**21,841**	3,230
	18,711	2,335
Deferred income tax recovery (note 7)	**(74,252)**	(28,056)
Net loss	**851,609**	489,519
Items that will be reclassified subsequently to profit or loss		
Exchange differences on translation to presentation currency	**(50,573)**	7,991
Total comprehensive loss	**801,036**	**481,528**
Weighted average number of shares outstanding during the period (note 16)	**20,636,440**	11,015,207
Basic and diluted loss per share	**$ (0.04)**	$ (0.04)

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

Nova Leap Health Corp.

Statement of Changes in Shareholders' Equity
(United States dollars)
For the year ended December 31, 2017 and for the period from November 16, 2015, date of incorporation, to December 31, 2016

	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**
Redemption of convertible debt (note 11)	-	-	-	**(8,134)**	-	-	**(8,134)**
Units issued for cash, net of issuance costs (note 12)	**13,712,500**	**1,685,356**	**399,980**	-	-	-	**2,085,336**
Shares issued for business acquisition (note 3 and 12)	**2,509,600**	**400,000**	-	-	-	-	**400,000**
Net loss for the period	-	-	-	-	-	**(851,609)**	**(851,609)**
Other comprehensive income for the period	-	-	-	-	**50,573**	-	**50,573**
Balance – December 31, 2017	**29,722,100**	**2,596,157**	**399,980**	**107,975**	**58,564**	**(1,341,128)**	**1,821,548**
Balance – November 16, 2015	-	-	-	-	-	-	-
Equity component of convertible debentures (note 11)	-	-	-	8,134	-	-	8,134
Shares issued for cash (note 12)	10,000,000	357,192	-		-	-	357,192
Shares issued for cash, net of issuance costs (note 12)	3,500,000	153,609	-		-	-	153,609
Stock based compensation (note 14)	-	-	-	107,975	-	-	107,975
Net loss for the period	-	-	-		-	(489,519)	(489,519)
Other comprehensive income for the period	-	-	-		7,991	-	7,991
Balance – December 31, 2016	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382

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

Nova Leap Health Corp.

Consolidated Statement of Cash Flows
(United States dollars)
For the year ended December 31, 2017 and
for the period from November 16, 2015, date of incorporation, to December 31, 2016

	2017	2016
	$	$
Cash provided by (used in)		
Operating activities		
Net loss for the period	**(851,609)**	(489,519)
Allowance for doubtful sales tax receivable (note 20)	**-**	36,172
Amortization of intangible assets (note 4 and 5)	**35,591**	3,244
Deferred income tax recovery (note 7)	**(74,252)**	(28,056)
Impairment loss (note 5)	**3,891**	51,056
Stock based compensation (note 14)	**-**	94,314
Finance expense	**21,841**	3,216
Gain on redemption of convertible debt (note 11)	**(2,136)**	-
Unrealized foreign exchange gain	**53,001**	(3,420)
Net changes in non-cash working capital balances related to operations		
Change in accounts receivable	**(251,998)**	(17,949)
Change in prepaid expense	**(47,667)**	(11,486)
Change in sales tax recoverable	**-**	(36,172)
Change in accounts payable and accrued liabilities	**385,462**	64,914
Change in client deposits payable	**99,087**	372
	(628,789)	(333,314)
Investing activities		
Acquisition of businesses (note 3)	**(1,800,000)**	(240,000)
Financing activities		
Proceeds from issuance of units, net of share issue costs (note 12)	**2,085,336**	524,462
Proceeds from demand loan, net of transaction costs (note 10)	**553,017**	-
Repayment of demand loan (note 10)	**(17,119)**	-
Interest payments	**(18,144)**	-
Proceeds from issuance of convertible debentures (note 11)	**-**	197,127
Repayment of convertible debenture (note 11)	**(185,756)**	-
	2,417,334	721,589
Change in cash and cash equivalents for the period	**(11,455)**	148,275
Cash and cash equivalents – beginning of period	**148,275**	-
Cash and cash equivalents – end of period	**136,820**	148,275

Non-cash item:
The Corporation issued common shares valued at $400,000 for a business acquisition. (see note 3)

The accompanying notes form an integral part of these 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 its subsidiaries (the "Group") is to provide skilled and non-medical home care to clients. The Group is currently operating the home care services companies in Vermont/New Hampshire and Rhode Island. The Corporation's shares are listed on the TSX Venture Exchange and are traded under the symbol NLH.V.

These consolidated financial statements include the accounts of the Corporation and its United States subsidiaries, Nova Leap Health Corp. Holdings, Inc, Nova Leap Health NH, LLC. Nova Leap Health RI, Inc., Nova Leap Health MA, Inc. and Armistead Home Care, LLC. The registered head office of the Corporation is located at 37 Wentworth Street, Unit 104, Dartmouth, NS B2Y 2S9, Canada.

The audited consolidated financial statements were approved by the Board of Directors on March 8, 2018.

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 continues to incur operating losses as its cash flows from home care operations do not cover head office expenses. The positive cash flows from operations in Rhode Island contribute to the Group's ability to reduce operating losses. Management also has a plan in place to build positive cash flows from operations in Vermont/New Hampshire. The Group is also exploring further acquisition opportunities in the Northeastern United States and Canada. Subsequent to December 31, 2017, the Corporation acquired the assets of a home care business with operations in Massachusetts which has positive cash flows from operations which will further reduce the Group's operating losses (see note 21 – Subsequent Events).

The Group's consolidated financial statements as at December 31, 2017 have been prepared based on 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 twelve months ended December 31, 2017 of $851,609 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 intends to raise additional working capital in the immediate term to meet the Group's liabilities and commitments. In the past, the Group has raised funds through equity and convertible debt offerings as well as demand loans to fund the purchase of home care assets. Subsequent to December 31, 2017, the Group raised funds through both brokered and unbrokered private placements for gross proceeds of $1.73 million as well as additional $1.35 million gross debt financing to partially fund the business acquisition in Massachusetts (see note 21 – 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.

2. Significant accounting policies

Statement of compliance

The 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 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.

2. Significant accounting policies (continued)

b) Basis of consolidation

The consolidated financial statements consolidate those of the parent company and its subsidiaries, all of which have a reporting date of December 31. All transactions and balances between the Group are eliminated on consolidation, including unrealized gains and losses on transactions between the Group. Amounts reported in the consolidated financial statements of the subsidiaries 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, except for: deferred tax assets or liabilities measured in accordance with International Accounting Standard (IAS) 12 *Income Taxes*. Goodwill arising on acquisition is recognized as an asset and represents the excess of acquisition cost over the fair value of the identifiable net assets of the acquiree at the date of the acquisition. Any excess of identifiable net assets over the acquisition cost is recognized in net earnings or loss immediately after acquisition.

d) Foreign currency translation

Functional and presentation currency

The consolidated financial statements are presented in 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"). USD was selected as the presentation currency since the majority of the active business operations are in USD.

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.

2. Significant accounting policies (continued)

e) Segment reporting

The Group has two operating segments: Rhode Island and Vermont/New Hampshire. In identifying operating segments, management generally follows the Group's geographic regions for which discrete financial information is available and regularly evaluated by the chief operating decision maker. Currently the two locations are operated and evaluated separately until further locations are added.

Corporate assets which are not directly attributable to the business activities of the operating segment are not allocated to the segment. This primarily applies to the Group's head office.

f) Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit, cash held in trust when cash held in trust is not restricted for use and short-term redeemable guaranteed investment certificates held with Schedule 1 banks. Interest earned is recognized in the consolidated statement of loss and comprehensive loss.

g) Property, plant & equipment

Vehicles are recognized at acquisition cost, less accumulated amortization and impairment losses. Amortization is recognised on a straight-line basis to write down the cost less estimated residual value of vehicles. The useful life of used vehicles is 2-6 years depending on the age and condition of the vehicle.

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

h) Intangible assets

Initial recognition of intangible assets
Customer lists acquired in a business acquisition that qualify for separate recognition are recognized as intangible assets at their fair values.

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 (see note 2p). Customer lists are amortized over their estimated useful lives of 2 years.

i) Goodwill

Goodwill represents the future economic benefits arising from a business acquisition that are not individually identified and separately recognized. Goodwill is carried at cost less accumulated impairment losses (see note 2p).

j) Convertible debentures

The component parts of compound financial instruments (convertible debentures) issued by the Corporation are classified separately as financial liabilities and equity component in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

At the date of issue, the liability component is recognized at fair value, which is estimated using the borrowing rate available for similar non-convertible instruments. Subsequently, the liability component is measured at amortized cost using the effective interest method until extinguished upon conversion or at maturity.

The value of the conversion option classified as equity component is determined at the date of issue by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This amount is recognized in equity, net of income tax effects, if any, and is not subsequently remeasured. When and if the conversion option is exercised, the equity component of convertible debentures will be transferred to share capital. If the conversion option remains unexercised at the maturity date of the convertible debentures, the equity component of the convertible debentures remains as a component of contributed surplus. No gain or loss is recognized upon conversion or expiration of the conversion option.

2. Significant accounting policies (continued)

j) Convertible debentures (continued)

Transaction costs related to the issue of convertible debentures are allocated to the liability and equity component in proportion to the initial carrying amounts. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortized over the term of the convertible debenture using the effective interest method.

k) Stock-based compensation

The Corporation has a stock-based compensation plan that is described in note 14. 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. All share options are equity settled.

l) Equity and reserves

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

Warrants represent the allocated portion of the proceeds received from the issuance of units based on the relative fair value of the components of the units issued, typically a share and one half common share purchase warrant.

Costs directly attributable to the raising of capital are charged against the related share capital and a portion is proportionately allocated to warrants, if costs are related to the issuance of units. 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, the presentation currency of the Group.

m) Loss per share

The Group 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.

All share options and warrants are currently anti-dilutive; as a result, basic and diluted earnings per share are the same.

n) Revenue

The Group generates home care revenues by providing home care services directly to clients, such as companionship and life enrichment, personal care and homemaking. 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 and when collection is reasonably assured.

o) Income taxes

The Group 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.

2. Significant accounting policies (continued)

o) Income taxes (continued)

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 acquisition 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 acquisition 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.

p) Impairment of long lived assets and goodwill

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at the cash-generating unit level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of a related business acquisition and represent the lowest level within the Group at which management monitors goodwill. Goodwill is monitored by the Group at an operating segment level.

Cash-generating units to which goodwill has been allocated (determined by the Group's management as equivalent to its operating segments) are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's (or cash-generating unit's) carrying amount exceeds its recoverable amount, which is the higher of fair value less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable discount rate to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Group's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect current market assessments of the time value of money and asset-specific risk factors.

Impairment losses for cash-generating units reduce first the carrying amount of any goodwill allocated to that cash-generating unit. Any remaining impairment loss is charged pro rata to the other assets in the cash-generating unit. Except for goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

q) Significant management judgement

The following are significant management judgments in applying the accounting policies of the Group that have the most significant effects on the financial statements.

Recognition of deferred income tax assets and measurement of income tax expense

Management continually evaluates the likelihood that its deferred tax assets can be realized. This requires management to assess whether it is probable that sufficient taxable income will exist in the future to utilize these losses within the carry-forward period. By its nature, this assessment requires significant judgment.

2. Significant accounting policies (continued)

q) Significant management judgement (continued)

Going concern
The assessment of the Group's ability to continue as a going concern and to raise sufficient funds to pay for its ongoing operating expenditures, meet its liabilities for the ensuing year, and to fund planned organic expansion and acquisitions, involves significant judgment based on historical experience and other factors including expectation of future events that are believed to be reasonable under the circumstances.

r) Management estimates

The preparation of 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 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 consolidated financial statements are summarized below. Estimates are based on management's best knowledge of current events and actions that the Group may undertake in the future.

Impairment of goodwill and intangible assets
Determining if there are any facts or circumstances indicating an impairment loss is a subjective process involving judgment and a number of estimates and interpretations. When an indication of impairment loss exists, the recoverable amount of the individual asset or the cash generating units must be estimated.

In assessing impairment, the Group must make some estimates and assumptions regarding future circumstances, in particular, estimates of future market growth and trends, forecasted revenue and costs, expected periods the assets will be utilized, appropriate discount rates and other variables. Estimates and assumptions may change if new information becomes available.

Stock based compensation
The Corporation issued equity-settled stock-based compensation to certain employees and third parties outside the Corporation. 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.

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 Group bases its fair value estimates on assumptions management believes to be reasonable, but which are unpredictable and inherently uncertain. Actual future results may differ from those estimates.

s) Financial instruments

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.

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

2. Significant accounting policies (continued)

s) Financial instruments (continued)

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.

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 Group 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
- Demand loans and 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:

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 Consolidated Statement of Financial Position as at December 31, 2017.

t) Future accounting standards issued but not yet applied

Several new standards and amendments to standards and interpretations are effective for annual periods beginning on or after January 1, 2018 and have not been applied in preparing the consolidated financial statements. Accordingly, the Group expects to adopt these standards as set forth below.

i) IFRS 9, Financial Instruments
In July 2014, the IASB published IFRS 9 which replaces IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39"). IFRS 9 introduces improvements which include a logical model for classification and measurement of financial assets, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. IFRS 9 is effective for annual reporting periods beginning on or after January 1, 2018. Based on analysis performed to date, but not yet finalized, the adoption of IFRS 9 is not expected to have an impact on its consolidated financial statements.

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. Based on analysis performed to date, but not yet finalized, the adoption of IFRS 15 is not expected to have an impact on its consolidated financial statements.

iii) IFRS 16, Leases
IFRS 16 was issued by the IASB in January 2016 and supersedes IAS 17, Leases. The new standard brings 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.

(United States dollars)

2. Significant accounting policies (continued)

u) 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. Business acquisitions

All About Home Care ("AAHC")

On September 22, 2017, the Corporation acquired the home care assets ("Significant Assets") of All About Home Care, LLC located in Rhode Island, USA. Pursuant to the terms of the Definitive Agreement, the Corporation's U.S. subsidiary, Nova Leap Health RI, Inc., acquired the Significant Assets from All About Home Care, LLC for a total purchase price of $1,200,000. The acquisition was funded using $600,000 cash and $600,000 funds from debt (see note 10).

The details of the business acquisition are as follows:

Fair value of consideration transferred	
Cash	$553,572
Term loan, net of loan and legal fees	575,952
Assumed liabilities	70,476
Total	$1,200,000
Recognized amounts of identifiable net assets	
Intangible assets (customer lists)	$150,000
Goodwill	1,050,000
	$1,200,000

The fair value of the net assets and goodwill are as follows:

- *Identifiable net assets*
  The fair value of the customer lists acquired as part of the business acquisition amounted to $150,000.

- *Goodwill*
  Goodwill of $1,050,000 is primarily related to growth expectations, expected future profitability and the assembled workforce.

Assumed liabilities
As part of the acquisition, the Corporation assumed liabilities of $53,809 for client deposits as well as $16,667 related to vacation accruals for employees.

Acquisition costs
Total acquisition costs of $113,896 were incurred and $108,041 are included in professional fees, $4,957 are included in office expense and $898 are included in transfer agent, listing and filing fees on the Consolidated Statement of Loss and Comprehensive Loss.

Contribution to Group results
A loss from operating activities of $74,334 was incurred for the period from the date of acquisition, including $113,898 of one-time acquisition costs, September 22, 2017, to the reporting date, primarily due to acquisition costs. Revenue for the period from the date of acquisition, September 22, 2017, to the reporting date was $501,688.

Armistead Senior Care ("Armistead")

On October 6, 2017, the Corporation acquired the home care assets ("Significant Assets") of AME, LLC doing business as Armistead Senior Care located in Vermont and New Hampshire, USA. Pursuant to the terms of the Definitive Agreement, the Corporation's U.S. subsidiary, Nova Leap Health NH, LLC, acquired the Significant Assets from AME, LLC for a total purchase price of $1,000,000. The acquisition was funded using $600,000 cash and $400,000 of Nova Leap Health Corp.'s shares.

(United States dollars)

3. Business acquisitions (continued)

Armistead Senior Care ("Armistead") (continued)

The details of the business acquisition are as follows:

Fair value of consideration transferred	
Cash	$567,180
Shares of Nova Leap Health Corp.	400,000
Assumed liabilities	32,820
Total	$1,000,000
Recognized amounts of identifiable net assets	
Property, Plant and Equipment (vehicle)	$3,500
Intangible assets (customer lists)	$110,000
Goodwill	886,500
	$1,000,000

The fair value of the net assets and goodwill are as follows:

- *Identifiable net assets*
  The fair value of the vehicle acquired was $3,500.
  The fair value of the customer lists acquired as part of the business acquisition amounted to $110,000.

- *Goodwill*
  Goodwill of $886,500 is primarily related to growth expectations, expected future profitability and the assembled workforce.

Assumed liabilities
As part of the acquisition, the Corporation assumed liabilities of $31,558 for client deposits as well as $1,262 related to vacation accruals for employees.

Acquisition costs
Total acquisition costs of $104,525 were incurred and $103,640 are included in professional fees and $885 are included in transfer agent, listing and filing fees on the Consolidated Statement of Loss and Comprehensive Loss.

Contribution to Group results
A loss of $125,678, including $104,525 of one-time acquisition costs, was incurred for the period from the date of acquisition, October 6, 2017, to the reporting date, primarily due to acquisition costs. Revenue for the period from the date of acquisition, October 6, 2017, to the reporting date was $428,366.

Proforma Group results based on acquiring the assets of both acquisitions at the beginning of the reporting period
If the Significant Assets of both businesses had been acquired on January 1, 2017, revenue of the Group for the reporting period would have been approximately $3.65 million and loss from operating activities for the year would have increased by approximately $49,000.

Northern Family Home Care

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, the Corporation's U.S. subsidiary, Nova Leap Health NH, LLC, 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 the Corporation's Qualifying Transaction and is in line with the objective of management to acquire private home care businesses in the United States.

(United States dollars)

3. Business acquisitions (continued)

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.

Acquisition costs
Total acquisition costs of $56,604 are included in professional fees on the Consolidated Statement of Loss and Comprehensive Loss.

Contribution to Group results
A loss of $19,084 was incurred for the period from the date of acquisition, October 13, 2016, to the reporting date, primarily due to one-time office set up costs. Revenue for the period from the date of acquisition, October 13, 2016, to the reporting date was $39,991.

If the Significant Assets had been acquired on November 16, 2015, revenue of the Group for the reporting period would have been $327,418 and loss from operations for the year would have decreased by $4,167.

4. Property plant & equipment

The changes in property, plant & equipment for the period are as follows:

	December 31, 2017
	$
Balance, beginning of period	-
Addition	3,500
Amortization	(275)
Balance, end of period	3,225

5. Intangible assets

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

	December 31, 2017	**December 31, 2016**
	$	$
Balance, beginning of period	5,700	-
Addition	260,000	60,000
Amortization	(35,316)	(3,244)
Impairment loss	(3,891)	(51,056)
Balance, end of period	226,493	5,700

The additions relate to the value of the customer lists acquired related to the purchase of the Significant Assets of AAHC and Armistead during the year ended December 31, 2017 and NFHC for the period ended December 31, 2016 (See note 3 above).

An impairment loss of $3,891 (2016 - $51,056) was recognized for customer lists for Nova Leap Health NH, LLC assets for the year ended December 31, 2017. The recoverable amount of the asset is its value-in-use, determined based on the decline in average hours for which caregivers provided home care services to key clients obtained through the purchase of the Significant Assets of Northern Family Home Care, LLC. The discount rates reflect appropriate adjustments relating to market risk and specific risk factors and was 19.2%. All amortization and impairment charges are included within amortization and impairment loss.

(United States dollars)

6. Goodwill

The changes in goodwill for the period are as follows:

	December 31, 2017	December 31, 2016
	$	$
Balance, beginning of period	180,000	-
Addition	1,936,500	180,000
Balance, end of period	2,116,500	180,000

Impairment testing 2017
For annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business acquisition in which the goodwill arises.

As at December 31, 2017, the Group had two CGUs and the goodwill was allocated as follows:

Rhode Island (“RI”)	$1,050,000
Vermont/New Hampshire (“VT/NH”)	$1,066,500

For the RI CGU the recoverable amount of the segment was determined based on value-in-use calculation, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate determined by management. The recoverable amount is greater than the carrying amount of goodwill.

For the VT/NH CGU the recoverable amount of the segment was determined based on fair value less disposal costs, which includes the use of estimates and assumptions that are sensitive to change and require judgement. The methodology used to test impairment is classified as Level 3 per the hierarchy described in note 2(s). These key judgements include estimates of discount rates, forecast growth in sales and other estimates impacting future cash flows. Changes in these estimates and assumptions may have a significant impact on recoverable amounts. The fair value less disposal costs was determined using a discounted five-year cash flow forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate determined by management less estimated disposal costs. The recoverable amount is greater than the carrying amount of goodwill.

The present value of the expected cash flows of the home health care segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

<u>Discount rates</u>
The discount rates reflect appropriate adjustments relating to market risk and specific risk factors the cash-generating unit and was 12.5% and 13.1% for the RI and VT/NH CGUs, respectively.

<u>Cash flow assumptions</u>
For the RI CGU, the forecast is based on a growth of client service hours from the actual at a rate of approximately 3%/month on average to reflect the ongoing execution of the Group’s strategy to increase client service hours through the increase in client billing rates (implemented in January 2018) and a strategic advertising and marketing plan. This budget also reflects average client hours that were achieved in 2016, prior to the decision to sell the company by previous owner. The recoverable amount exceeds the carrying amount by approximately $466,000. The client service hours growth rate would have to be approximately nil in order for the cash-generating unit's recoverable amount to be equal to its carrying amount. The discount rate would have to be approximately 4.6% higher in order for the cash-generating unit's recoverable amount to be equal to its carrying amount.

For VT/NH. the forecast is based on a growth of client service hours from the actual at a rate of approximately 5%/month on average to reflect the ongoing execution of the Group’s strategy to increase client service hours through a strategic advertising and marketing plan as well as cost cutting measures to bring office and administrative costs more in line with the Group’s and industry average. The recoverable amount exceeds the carrying amount by approximately $250,000. The client service hours growth rate would have to be approximately 20% lower for the cash-generating unit's recoverable amount to be equal to its carrying amount. The discount rate would have to be approximately 2.3% higher for the cash-generating unit's recoverable amount to be equal to its carrying amount.

Management is not currently aware of any other probable changes that would necessitate changes in its key estimates.

(United States dollars)

6. Goodwill (continued)

Impairment testing 2016
For annual impairment testing, goodwill is allocated to the operating segments expected to benefit from the synergies of the business combination in which the goodwill arises. The recoverable amount of the segment was determined based on value-in-use calculation, covering a detailed five-year forecast, followed by an extrapolation of expected cash flows for the remaining periods using a growth rate determined by management. The recoverable amount of the home health care segment is greater than the carrying amount of goodwill.

The present value of the expected cash flows of the home health care segment is determined by applying a suitable discount rate reflecting current market assessments of the time value of money and risks specific to the segment.

As at December 31, 2016, the Group only had one cash-generating unit and the goodwill was allocated in its entirety to this CGU.

Discount rates
The discount rates reflect appropriate adjustments relating to market risk and specific risk factors the cash-generating unit and was 17.5%.

Cash flow assumptions
The forecast is based on a growth of client service hours from the actual at a rate of 25 hours per month on average to reflect the ongoing execution of the Group's strategy to expand geographically and increase hourly billing rates for new clients. The recoverable amount exceeds the carrying amount by approximately $30,000. The client service hours growth rate would have to be approximately 16% lower in order for the cash-generating unit's recoverable amount to be equal to its carrying amount. The recoverable amount is also sensitive to discount rates. The discount rate would have to be approximately 1.25% higher in order for the cash-generating unit's recoverable amount to be equal to its carrying amount.

7. Income taxes

a) Losses
The Group has non-capital tax losses of approximately $386,235 available for carry-forward to reduce future years' taxable income. These non-capital tax losses expire as follows:

2036	$86,438
2037	$222,861

b) The Group's provision for income taxes differs from the amount computed by applying the combined Canadian federal and provincial income tax rates to income (loss) before income taxes because of the following:

	2017	**2016**
Statutory tax rate	31%	31%
	$	$
Loss before income taxes	(925,861)	(517,575)
Income tax recovery based on substantively enacted rates	(287,017)	(160,448)
Stock based compensation	-	29,237
Convertible debentures	-	2,858
Acquisition costs	-	17,047
Share issue costs	(9,789)	(37,934)
Debt issue costs	(2,913)	-
Non-taxable / deductible expenses	2,035	-
Effect of change in US tax rates	11,009	-
Effect of foreign tax rate differences	7,948	(6,312)
Deferred tax asset not recognized	204,475	127,496
Deferred income tax recovery	(74,252)	(28,056)

The enacted tax rates in Canada 31% and United States 29.2% where the Group operates are applied in the tax provision calculation.

(United States dollars)

7. Income taxes (continued)

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

For the period ended December 31, 2017

	Canada	US	Total
Non-capital loss carry-forwards	283,407	25,892	309,299
Intangible assets and goodwill	-	81,760	81,760
Share issuance costs	43,220	-	43,220
Deferred tax asset not recognized	(326,627)	(5,344)	(331,971)
Deferred tax asset (liability)	-	102,308	102,308

For the period ended December 31, 2016

	Canada	US	Total
Non-capital loss carry-forwards	99,507	7,669	107,176
Intangible assets and goodwill	-	20,387	20,387
Share issuance costs	30,847	-	30,847
Convertible debentures	(2,858)	-	(2,858)
Valuation allowance	(127,496)	-	(127,496)
Deferred tax asset (liability)	-	28,056	28,056

8. Related party transactions

Transactions with related parties were in the normal course of operations and are measured at the exchange amount, which is the amount agreed to by the parties.

Legal services were provided by a firm of which a shareholder of the Corporation is the sole lawyer practitioner. The cost of these services was as follows:

	Period ended	
	December 31, 2017	December 31, 2016
	$	$
Share issue costs	20,974	33,716
Professional fees	18,461	28,881
	39,435	62,597

During the periods ended December 31, 2017 and 2016, a company controlled by the CEO billed a total $18,265 and $2,561, respectively 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:

	For the period ended	
	December 31, 2017	December 31, 2016
	$	$
Consulting fees	194,590	22,925
Stock based compensation	-	94,314
	194,590	117,239

As at December 31, 2017, there was $167,073 included in Accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2016 – $27,144) for consulting fees, office space rental and expense reimbursements.

(United States dollars)

9. Capital management

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

10. Demand loan

The changes in the demand loan for the period are as follows:

	December 31, 2017 $
Balance, beginning of period	-
Issued	600,000
Debt issue costs	(46,983)
Effective interest	15,285
Interest payment	(10,638)
Principal repayment in cash	(17,119)
Balance, end of period	540,545

To finance the acquisition of the assets of All About Home Care, the Corporation obtained a demand non-revolving loan with a principal amount of $600,000. The loan bears interest at a rate of US Base Rate plus 1.5%. The loan is repayable on demand and $11,670 blended payments of both principal and interest are paid monthly. The amortization period of the loan is 60 months from the date of drawdown, September 22, 2017.

Export Development Canada provided a 75% guarantee for the loan for a fee of 2.35% per annum. The loan is also secured through a registered General Security Agreement and a Corporate Guarantee for the principal amount of the loan from Nova Leap Health Holdings, Inc. and Nova Leap Health RI, Inc.

The loan is designated as an "other financial liability" and was initially recorded at fair value adjusted for transaction expenses of $46,983.

11. Convertible debentures

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

	December 31, 2017 $	December 31, 2016 $
Balance, beginning of period	178,280	-
Issued	-	188,993
Effective interest	6,555	697
Repayment in cash	(185,756)	-
Gain on redemption	(2,136)	-
Unrealized foreign exchange	3,057	(11,410)
Balance, end of period	-	178,280

As at December 31, 2016, $124,796 of total convertible debenture balance were convertible debentures held by directors or companies controlled by directors.

For the year ended December 31, 2017, all convertible debentures were repaid in cash. The total cash repayment was $185,756, including $7,252 in accrued interest payable. $8,134 was applied against the equity component of convertible debt recognized upon issuance.

(United States dollars)

12. Common shares

a. Authorized:
Unlimited number of common shares, without nominal or par value

b. Issued and outstanding:

	December 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 acquisition of assets	2,509,600	400,000		
Shares issued for cash, net of issue costs	13,712,500	1,685,356	13,500,000	510,801
Balance, end of period	29,722,100	2,596,157	13,500,000	510,801

Period ended December 31, 2017

On March 10, 2017, the Corporation closed a non-brokered private placement and raised gross proceeds of $518,969 ($700,000 CAD) net of share issue costs of $9,922 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 (CAD $108,385) was allocated to the warrants based on the fair value of the warrants, net of a proportional amount of the related shares issue costs. 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 expired on July 11, 2017.

On July 6, 2017, the Corporation closed a non-brokered private placement and raised gross proceeds of $812,951 ($1,052,500 CAD) net of share issue costs of $12,993 through the issuance of 5,262,500 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. $145,466 (CAD $188,330) was allocated to the warrants based on the fair value of the warrants, net of proportional amount of the related share issue costs. 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 expired on November 7, 2017.

On October 6, 2017 and October 15, 2017, the Corporation closed two tranches of a non-brokered private placement and raised cumulative gross proceeds of $788,931 (CAD$990,000), net of share issue costs of $12,599 through the issuance of 4,950,000 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 dates. $174,159 (CAD $218,546) was allocated to the warrants based on the fair value of the warrants, net of proportional amount of the related share issue costs. 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 expired in February 2018.

On October 6, 2017, the Corporation issued 2,509,600 shares of the Corporation at CAD$0.20 per share for a value of $400,000 ($501,920 CAD) to satisfy part of the purchase price of the acquisition of the business assets of AME, LLC doing business as Armistead Senior Care ("Armistead") in South Burlington, Vermont and Lebanon, New Hampshire. The shares issued as consideration for the Acquisition are subject to a one-year hold period from the date of closing.

(United States dollars)

12. Common shares (continued)

Period ended December 31, 2016

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 Venture 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 Qualifying Transaction.

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 $122,370 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.

Common shares subject to escrow

Of the 10,000,000 common shares issued in January 2016 which were subject to an escrow agreement, 7,500,000 shares were in escrow at December 31, 2017. The remaining shares in escrow will be released in 5 equal increments of 1,500,000 shares each, every 6 months with the final release on November 4, 2019.

13. Warrants

	December 31, 2017		
	Number of warrants	**$**	**Exercise price (CAD)**
Balance, beginning of period	-	-	-
Warrants issued for cash, net of issue costs	6,856,250	399,980	$0.35
Balance, end of period	6,856,250	399,980	$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 fair value of the warrants issued, net of share issue costs allocated, was $80,355 (CAD$108,385).

On July 6, 2017, in connection with the private placement, the Corporations issued 2,631,250 warrants with an exercise price of $0.35 CAD and expire on July 6, 2019. The fair value of the warrants issued, net of share issue cosgts allocation was $145,466 (CAD $188,330).

On October 6, 2017, in connection with the private placement, the Corporations issued 2,475,000 warrants with an exercise price of $0.35 CAD and expire on October 5, 2019. The fair value of the warrants issued, net of share issue cosgts allocation was $174,159 (CAD $218,546).

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

Exercise price (CAD)	$0.35
Risk free interest rate	0.87%
Expected volatility	120%
Expected dividend yield	0%
Expected life	2.0 years
Grant date fair value (CAD)	$0.16

The weighted average contractual life outstanding as at December 31, 2017 is 1.52 years.

14. 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.

(United States dollars)

14. Stock based compensation (continued)

There were no changes in the incentive stock options during the year ended December 31, 2017.

The following table summarizes information concerning outstanding options issued under the Plan, all of which are exercisable at December 31, 2017:

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

The weighted average contractual life outstanding as at December 31, 2017 is 8.32 years.

The Corporation also issued options to the agent related to the Initial Public Offering in April 2016. The following table summarizes information concerning outstanding options issued to the Agent, all of which are exercisable at September 30, 2017:

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

The weighted average contractual life outstanding as at December 31, 2017 is 0.32 years.

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. Expected volatility is estimated by considering historic average share price volatility of comparable companies due to the short trading history of the Corporation.

The following weighted average assumptions were used in the Black-Scholes option pricing model for the period ended December 31, 2016:

Exercise price (CAD)	$0.10
Risk free interest rate	1.38%
Expected volatility	100%
Expected dividend yield	0%
Expected life	7.9 years
Grant date fair value (CAD)	$0.08

15. Contributed Surplus

The changes in contributed surplus for the period are as follows:

	December 31, 2017 $	December 31, 2016 $
Balance, beginning of period	116,109	-
Stock options – directors and officers	-	94,314
Stock options - agents	-	13,661
Equity component of convertible debentures	-	8,134
Repayment of convertible debentures in cash	(8,314)	-
Balance, end of period	107,975	116,109

(United States dollars)

16. Loss 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 December 31, 2017, all options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would have been anti-dilutive.

17. Financial instruments

The Group is exposed to various risks in relation to financial instruments. The main types of risks are credit risk, liquidity risk and market risk. The Group is exposed to the same risk in the current year as it was exposed to in the prior year and in addition is exposed to interest rate risk because of the demand loan that has variable rate interest. The most significant financial risks to which the Group is exposed are described below.

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 December 31, 2017, as summarized below:

Classes of financial assets – carrying amounts	December 31, 2017	December 31, 2016
Cash and cash equivalents	$136,820	$148,275
Accounts receivable	269,947	17,949
	$406,767	$166,224

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 both collecting client deposits prior to service for certain clients and actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at December 31, 2017, the Group had $99,463 collected for client deposits (approximately 37% of outstanding accounts receivable, billed and accrued) As at December 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 the risk that the Group might be unable to meet its current and future 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. During the current and previous period, the Group raised funds, primarily through private placement or convertible debt. As at December 31, 2017, the Group had a cash and cash equivalents balance of $136,820. The Group has a working capital shortfall at December 31, 2017 and 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 its liabilities:

	< 1 year	1-2 years	3-5 years	> 5 years
	$	$	$	$
Account payable and accrued liabilities	552,353	-	-	-
Demand loan	156,458	145,905	386,984	-

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.

17. Financial instruments (continued)

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

	December 31, 2017 CAD	December 31, 2016 CAD
	$	$
Cash and cash equivalents	72,346	180,059
Accounts payable & accrual liabilities	(274,793)	(78,214)
Convertible debentures	-	(240,092)
	(202,447)	(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 $1,600.

Interest rate sensitivity

As at 31 December 2017, the Group is exposed to changes in market interest rates through bank borrowings at variable interest rates. Sensitivity to a plus or minus 10% change in the interest rates would affect net loss and comprehensive loss and deficit by approximately $14,000 over the remaining term of the debt.

Fair value

All financial assets and liabilities with the exception of the demand loan are short-term. The carrying values of short-term financial assets and liabilities are a reasonable approximation of fair value. The fair value of the demand loan is approximately $586,000 as at December 31, 2017.

18. Segment reporting

As of December 31, 2017, management identified the Group's two operating businesses as its operating segments. Both businesses provide home care services to clients. These operating segments are monitored by the Group's Chief Executive Officer and strategic decisions are made based on segment operating results.

As of December 31, 2016, there was one operating business in Littleton, New Hampshire representing its only operating segment. In October 2017, the Corporation acquired business assets located in South Burlington, VT and Lebanon, NH and the operations of Littleton, NH combined with those of the newly acquired VT/NH business are considered an operating segment.

Segment information for the reporting period is as follows:

	For the period ended December 31, 2017		
	VT/NH	**RI**	**Total**
	$	**$**	**$**
Segment revenues (all from external customers)	**558,157**	**501,688**	**1,059,845**
Cost of services	355,798	338,147	693,945
Gross Profit	202,359	163,541	365,900
General & administrative (a)	426,517	237,874	664,391
Segment operating loss	**(224,158)**	**(74,333)**	**(298,491)**
Segment assets	**1,428,505**	**1,398,923**	**2,827,428**

a) The general and administrative costs include one-time acquisition costs of $104,525 for VT/NH and $113,896 for RI (see note 3).

(United States dollars)

18. Segment reporting (continued)

	For the period ended December 31, 2016 VT/NH $	Total $
Segment revenues (all from external customers)	**39,991**	**39,991**
Cost of services	24,550	24,550
Gross profit	15,441	15,441
General & administrative (a)	85,581	85,581
Segment operating loss	**(70,140)**	**(70,140)**
Segment assets	**247,732**	**247,732**

a) The general and administrative costs include one-time acquisition costs of $56,604 for VT/NH (see note 3).

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 on the basis of the client's geographical location. Non-current assets are allocated based on their physical location.

The totals presented in the Group's operating segments reconcile to the key financial figures as presented in the financial statements as follows:

	December 31, 2017 $	December 31, 2016 $
Revenues (Segment and Group)	**1,059,845**	**39,991**
Gross profit (Segment and Group)	**365,900**	**15,441**
Group loss		
Total reportable segment operating loss	(298,491)	(70,140)
Corporate and administrative expenses not allocated	(608,659)	(445,100)
Group operating loss	**(907,150)**	**(515,240)**
Finance income	3,130	895
Finance costs	(21,841)	(3,230)
Group loss before tax	**(925,861)**	**(517,575)**

	December 31, 2017 $	December 31, 2016 $
Assets		
Total reportable segment assets	2,827,428	247,732
Group headquarters	87,008	143,734
Group assets	**2,914,446**	**391,466**

19. Operating leases

The Group's leases office spaces under operating leases. The future minimum lease payments are as follows:

	Total $	Less than 1 year $	1 – 5 years $	After 5 years $
December 31, 2017	79,579	74,485	5,093	-

20. Allowance for doubtful sales tax receivable

The Group had a balance of $36,172 for sales tax receivable from the Government of Canada in 2016. In the ordinary course of business, the Group is subject to audits by tax authorities. The Group was audited by Canada Revenue Agency ("CRA") for Input Tax Credits ("ITCs") claimed by the Group for the period from the date of inception to December 31, 2016 and the ITCs were disallowed. The Group recorded an allowance for the full amount as at December 31, 2016.

21. Subsequent events

In January 2018, Nova Leap completed a non-brokered private placement for proceeds of $382,386 USD ($475,000 CAD) by the sale of units of the Corporation at a price of $0.20 CAD per unit. Each unit was 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 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 was paid consisting of a cash payment of $5,844 USD ($7,260 CAD) and 36,300 non-transferable finder's fee warrants. Each finder's fee warrant can 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.

In January 2018, Nova Leap granted 1,485,000 incentive stock options to directors, officers, employees and consultants of the Corporation. The stock options are exercisable for a period of 10 years at an exercise price of $0.25 CAD per share and vest 25% immediately and 25% on each anniversary date of the stock option grant date. The options were granted under, and are subject to, the terms and conditions of the Corporation's Stock Option Plan.

In February 2018, Nova Leap closed brokered private placement for gross proceeds of $1,153,497 USD ($1,461,250 CAD) by the sale of units of the Corporation at a price of $0.25 CAD per unit. In addition, the Corporation closed a non-brokered private placement for gross proceeds of $197,348 USD ($250,000 CAD) by the sale of units on the same terms as the brokered offering. Each Unit issued pursuant to the private placements consisted of one common share in the capital of the Corporation and one half of one common share purchase warrant. Two half-warrants entitle the holder thereof to purchase one additional common share at a price of $0.375 CAD for a period of 24 months from the closing date of the Offering. The common shares and warrants are subject to a 4 month hold period. The Corporation paid the Agents: 1) a cash commission of 64,099 USD ($81,200 CAD); 2) 324,800 broker warrants; and 3) a corporate finance fee of $31,576 USD ($40,000 CAD), of which $15,788 USD ($20,000 CAD) was paid in cash, and $17,788 USD ($20,000 CAD) was paid through the issuance of 80,000 common shares at a deemed price of $0.25 CAD per common share. Each broker warrant is exercisable for one common share at a price of $0.25 CAD for a period of 24 months following the closing date of the Offering. No finders' fees were paid in respect of the non-brokered private placement.

In February 2018, Nova Leap completed the acquisition of the business assets of Family Tree Home Care, Inc. ("Family Tree") located in Shrewsbury, Massachusetts for $2.1 million. The purchase price for the acquisition was paid with $0.45 million in cash, a demand loan of $1.35 million from a Canadian Schedule 1 Bank, and a $0.30 million promissory note issued to the Vendor. Family Tree operates as a private duty home care agency offering non-medical services for families in Massachusetts. Revenues for the years ended 2017 and 2016 were $3.23 million and $3.45 million, respectively. The initial accounting for the business acquisition was incomplete at the time these Consolidated Financial Statements were authorized for issue; therefore, certain disclosures cannot be determined at this time. This includes amounts to be recognized as of the acquisition date for the fair value of the assets acquired and liabilities assumed including any intangible assets that may arise from the transaction. The Corporation expects the preliminary purchase price allocation will include intangible assets (i.e. customer lists) and goodwill.

22. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.