



Nova Leap Health Corp.

**Condensed Interim Consolidated Financial Statements
For the three and nine months ended September 30, 2017
and the three and nine months ended October 31, 2016**

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

Prepared by Management – See Notice to Reader

NOTICE TO READER

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

Nova Leap Health Corp.

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

	September 30, 2017	December 31, 2016
	\$	\$
ASSETS		
Current assets		
Cash and cash equivalents	231,626	148,275
Accounts receivable	54,559	17,949
Prepaid expenses	22,990	11,486
Total current assets	309,175	177,710
Non-current assets		
Intangible assets (note 4)	50,000	5,700
Goodwill (note 5)	1,330,000	180,000
Deferred income tax asset (note 6)	44,648	28,056
Total non-current assets	1,424,648	213,756
TOTAL ASSETS	1,733,823	391,466
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 7)	261,335	67,804
Demand loan (note 8)	559,877	-
Total non-current liabilities	821,212	67,804
Non-current liabilities		
Convertible debentures (note 9)	-	178,280
TOTAL LIABILITIES	821,212	246,084
SHAREHOLDERS' EQUITY		
Capital stock (note 10)	1,593,786	510,801
Warrants (note 11)	225,935	-
Contributed surplus	107,975	116,109
Accumulated other comprehensive income	65,319	7,991
Deficit	(1,080,404)	(489,519)
TOTAL SHAREHOLDERS' EQUITY	912,611	145,382
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	1,733,823	391,466

Going concern (note 1)

Subsequent events (note 16)

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

Approved on behalf of the Board of Directors

“Christopher Dobbin”

(signed)

Director

“Michael O’Keefe”

(signed)

Director

Nova Leap Health Corp.

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

	Common shares	Share capital \$	Warrants \$	Contributed surplus \$	Accumulated other comprehensive income \$	Deficit \$	Total equity \$
Balance – January 1, 2017	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382
Redemption of convertible debt (note 9)	-	-	-	(8,134)	-	-	(8,134)
Units issued for cash, net of issuance costs (note 10)	8,762,500	1,082,985	225,935	-	-	-	1,308,920
Net loss for the period	-	-	-	-	-	(590,885)	(590,885)
Other comprehensive income for the period	-	-	-	-	57,328	-	57,328
Balance – September 30, 2017	22,262,500	1,593,786	225,935	107,975	65,319	(1,080,404)	912,611
Balance – February 1, 2016	10,000,000	357,192	-	-	801	(7,753)	350,240
Shares issued for cash, net of issuance costs	3,500,000	153,609	-	-	-	-	153,609
Stock based compensation	-	-	-	107,975	-	-	107,975
Equity component of convertible debentures	-	-	-	8,134	-	-	8,134
Net loss for the period	-	-	-	-	-	(481,766)	(481,766)
Other comprehensive income for the period	-	-	-	-	7,190	-	7,190
Balance – October 31, 2016	13,500,000	510,801	-	116,109	7,991	(489,519)	145,382

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

Nova Leap Health Corp.

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

	For the three months ended		For the nine months ended	
	September 30, 2017	October 31, 2016	September 30, 2017	October 31, 2016
	\$	\$	\$	\$
Net service revenue	88,682	13,388	168,649	13,388
Cost of service revenue	54,653	8,944	107,880	8,944
Gross margin	34,029	4,444	60,769	4,444
Corporate and administrative expenses				
Advertising	1,360	-	8,376	-
Amortization (note 4)	795	-	1,809	-
Bad debt expense	70	-	402	-
Conferences and subscriptions	-	-	13,030	2,673
Foreign exchange loss (gain)	30,526	(2,120)	32,242	(2,075)
Impairment loss (note 4)	2,505	-	3,891	-
Information technology, software and support	2,380	72	6,689	72
Insurance	4,497	816	10,623	816
Investor relations and shareholder communications	17,636	25,343	41,050	27,382
License	650	-	4,957	-
Management and consulting (note 7)	90,420	33,694	244,448	37,168
Office and other	10,553	7,801	30,189	8,117
Professional fees (note 7)	112,184	109,356	198,202	171,857
Stock based compensation	-	-	-	94,314
Transfer agent, filing and listing fees	10,711	11,730	33,418	17,037
Travel and meals	18,158	5,834	35,372	11,501
	302,445	192,526	664,698	368,862
Loss from operating activities	268,416	188,082	603,929	364,418
Net finance expense				
Finance income	(412)	(208)	(873)	(794)
Finance expense	-	-	4,421	-
	(412)	(208)	3,548	(794)
Deferred income tax recovery (note 6)	-	-	(16,592)	-
Net loss	268,004	187,874	590,885	363,624
Items that will be reclassified subsequently to profit or loss				
Exchange differences on translation to presentation currency	(63,840)	7,745	(57,328)	7,991
Total comprehensive loss	204,524	180,129	533,557	355,633
Weighted average number of shares outstanding during the period (note 15)	21,919,293	13,500,000	17,773,169	12,401,460
Basic and diluted loss per share	\$ (0.01)	\$ (0.01)	\$ (0.03)	\$(0.03)

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

Nova Leap Health Corp.

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

	For the nine months ended	
	September 30, 2017	October 31, 2016
	\$	\$
Cash provided by (used in)		
Operating activities		
Net loss for the period	(590,885)	(363,624)
Amortization of intangible assets (note 4)	1,809	-
Deferred income tax recovery (note 6)	(16,592)	-
Impairment loss (note 4)	3,891	-
Stock based compensation	-	94,314
Gain on redemption of convertible debt (note 9)	(2,136)	-
Unrealized foreign exchange gain	58,806	6,944
Net changes in non-cash working capital balances related to operations		
Change in accounts receivable	(36,610)	(13,388)
Change in prepaid expense	(11,504)	39,677
Change in sales tax recoverable	-	(25,209)
Change in accounts payable and accrued liabilities	195,531	77,973
	<u>(399,690)</u>	<u>(183,313)</u>
Investing activities		
Acquisition of subsidiary (note 3)	<u>(1,200,000)</u>	<u>(240,000)</u>
Financing activities		
Proceeds from issuance of Units, net of share issue costs (note 10)	1,308,920	167,270
Proceeds from demand loan, net of transaction costs (note 8)	559,877	-
Repayment of convertible debenture (note 6)	<u>(185,756)</u>	<u>186,529</u>
	<u>1,683,041</u>	<u>353,799</u>
Change in cash and cash equivalents for the period	83,351	(69,514)
Cash and cash equivalents – beginning of period	148,275	296,671
Cash and cash equivalents – end of period	231,626	227,157

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

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

1. Nature of operations and going concern

Nature of operations

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

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

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

The unaudited condensed interim consolidated financial statements were approved by the Board of Directors on November 23, 2017.

Going concern

The Corporation completed its QT on October 13, 2016 and had no source of revenue and incurred losses from the date of incorporation until the close of the QT. The Group continues to incur operating losses as its cash flows from home care operations do not cover head office expenses. The Group is currently operating the home care services company in New Hampshire that it acquired through its subsidiary Nova Leap Health NH, LLC, doing business as Northern Family Home Care ("NFHC"). On September 22, 2017, the Corporation purchased the assets of All About Home Care ("AAHC") through its subsidiary Nova Leap Health RI Inc. AAHC provides skilled and non-medical home care to clients in Rhode Island and it has positive cash flows from operations which will contribute to the Group's ability to reduce operating losses. The Group is pursuing a strategy of near term expansion and organic growth in New Hampshire and Vermont. The Group is also exploring further acquisition opportunities in the Northeastern United States. Subsequent to September 30, 2017, the Corporation acquired the assets of a home care business with operations in Vermont and New Hampshire (see note 16 – Subsequent Events).

The Group's unaudited condensed interim consolidated financial statements as at September 30, 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 nine months ended September 30, 2017 of \$590,885 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 which can be obtained from internal and external sources to meet the Group's liabilities and commitments. The Group has raised funds through equity and convertible debt offerings.

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

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

2. Significant accounting policies

a) Statement of compliance

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

b) Accounting changes

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

3. Business combination

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 8).

The details of the business combination 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)	\$50,000
Goodwill	1,150,000
	\$1,200,000

The fair value of the identifiable net assets and goodwill acquired were determined provisionally and are subject to adjustment pending the finalization of the valuations and related accounting. The preliminary 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 combination amounted to \$50,000.
- *Goodwill*
Goodwill of \$1,150,000 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 \$114,741 were incurred and \$108,634 are included in professional fees, \$4,957 are included in license expense and \$1,150 are included in transfer agent, listing and filing fees on the Consolidated Statement of Loss and Comprehensive Loss.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

3. Business combination (continued)

Contribution to Group results

A loss of \$42,590 was incurred for the period from the date of acquisition, 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 \$38,857.

4. Intangible assets

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

	September 30, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	5,700	-
Addition	50,000	60,000
Amortization	(1,809)	(3,244)
Impairment loss	(3,891)	(51,056)
Balance, end of period	50,000	5,700

An impairment loss of \$3,891 was recognized for customer lists for Nova Leap Health NH, LLC assets for the nine months ended September 30, 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.

5. Goodwill

The changes in goodwill for the period are as follows:

	September 30, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	180,000	-
Addition	1,150,000	180,000
Balance, end of period	1,330,000	180,000

The allocation of goodwill from the All About Home Care acquisition is pending finalization (see note 3 above).

6. Income taxes

The Group recognized nil and \$16,592 deferred income tax recovery for the three and nine months ended September 30, 2017, respectively (October 31, 2016 – nil) for non-capital loss carry-forwards for the Corporation's subsidiary Nova Leap Health NH, LLC.

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

	Canada	US	Total
	\$	\$	\$
Non-capital loss carry-forwards	250,491	26,781	277,272
Intangible assets and goodwill	-	17,867	17,867
Share issuance costs	29,712	-	29,712
Valuation allowance	(280,203)	-	(280,203)
Deferred tax asset (liability)	-	44,648	44,648

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

7. Related party transactions

Legal services were provided by a firm of which a shareholder of the Corporation is the sole lawyer practitioner. 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.

The cost of these services was as follows:

	Three months ended		Nine months ended	
	September 30, 2017	October 31, 2016	September 30, 2017	October 31, 2016
	\$	\$	\$	\$
Share issue costs	6,886	-	13,695	35,514
Professional fees	7,279	26,290	11,858	32,976
	14,165	26,290	25,553	68,490

During the three and nine months ended September 30, 2017, a company controlled by the CEO billed a total \$4,729 and \$13,606, respectively (nil – October 31, 2016) for the rental of office space.

Key management personnel

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

	Three months ended		Nine months ended	
	September 30, 2017	October 31, 2016	September 30, 2017	October 31, 2016
	\$	\$	\$	\$
Consulting fees	49,718	-	145,606	-
Stock based compensation	-	-	-	94,314
	49,718	-	145,606	94,314

As at September 30, 2017, there was \$17,093 included in Accounts payable and accrued liabilities for amounts owed to officers of the Corporation (December 31, 2016 – \$27,144).

8. Demand loan

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 (currently 4.75%) 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 21, 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 recorded at fair value adjusted for transaction expenses of \$40,123.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

9. Convertible debentures

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

	September 30, 2017	December 31, 2016
	\$	\$
Balance, beginning of period	178,280	-
Issued	-	188,993
Effective interest		697
Repayment in cash	(177,622)	-
Gain on redemption	(2,136)	-
Unrealized foreign exchange	1,478	(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 nine months ended September 30, 2017, all convertible debentures were repaid in cash. The total cash repayment was \$185,756 of which \$8,134 was applied against the equity component of convertible debt recognized upon issuance.

10. Capital stock

a. Authorized:

Unlimited number of common shares, without nominal or par value

b. Issued and outstanding:

	September 30, 2017		December 31, 2016	
	Number of Shares	Value	Number of Shares	Value
		\$		\$
Balance, beginning of period	13,500,000	510,801	-	-
Shares issued for cash, net of issue costs	8,762,500	1,082,985	13,500,000	510,801
Balance, end of period	22,262,500	1,593,786	13,500,000	510,801

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 \$10,647 (\$13,384 CAD) through the issuance of 3,500,000 Units at a price of \$0.20 CAD per unit. Each unit is comprised of one common share of the Corporation and a one-half common share purchase warrant. Two half warrants entitle the holder to acquire one common share of the Corporation for \$0.35 CAD for a period of 24 months from the closing date. \$80,355 (\$108,385 CAD) was allocated to the warrants. The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component. The fair value of the warrants was determined using the Black-Scholes pricing model. All securities issued pursuant to the private placement are subject to a 4 month hold period that 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 \$12,352 (\$15,992 CAD) 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. \$147,810 (\$191,364 CAD) was allocated to the warrants. The Corporation applies the fair value method with respect to the measurement of shares and warrants issued as private placement units. The Company allocates the net proceeds based on the relative fair values to each component. The fair value of the warrants was determined using the Black-Scholes pricing model. All securities issued pursuant to the private placement are subject to a 4 month hold period that expires on November 7, 2017.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

10. Capital stock (continued)

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 September 30, 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.

11. Warrants

	September 30, 2017	
	Number of warrants	Exercise price (CAD)
Balance, beginning of period	-	-
Warrants issued for cash, net of issue costs	4,381,250	\$0.35
Balance, end of period	4,381,250	\$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.

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 November 7, 2019.

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	0.65%
Expected volatility	110%
Expected dividend yield	0%
Expected life	2.0 years
Grant date fair value (CAD)	\$0.13

The weighted average contractual life outstanding as at September 30, 2017 is 1.64 years.

12. Stock based compensation

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

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

The following table summarizes information concerning outstanding options issued under the Plan, all of which are exercisable at September 30, 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 September 30, 2017 is 8.82 years.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

12. Stock based compensation

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 September 30, 2017 is 6.93 years.

13. 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 September 30, 2017, as summarized below:

Classes of financial assets – carrying amounts	September 30, 2017	December 31, 2016
Cash and cash equivalents	\$231,626	\$148,275
Accounts receivable	54,559	17,949
	\$286,185	\$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 actively monitoring the aging of accounts receivable and regularly follows up on overdue accounts. As at September 30, 2017, management believes that counterparty concentrations are in the normal course of business and are not unusual.

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

Liquidity risk

Liquidity risk is that the Group might be unable to meet its obligations. The Group's approach to managing liquidity risk is to closely monitor working capital balances as compared to budgeted upcoming expenses and expected due diligence and acquisition expenses. The Group raises funds, primarily through private placement or convertible debt if a shortfall is anticipated. As at September 30, 2017, the Group had a cash and cash equivalents of \$231,626. The Group has a working capital shortfall at September 30, 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	261,335	-	-	-
Demand loan	157,814	145,905	256,158	-

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

13. Financial instruments (continued)

Market risk

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

Foreign currency sensitivity

The Group's operations are carried out in USD. Exposure to currency exchange rates arise from the fact that the Group's equity offerings have been denominated in CAD and will be denominated in CAD for the foreseeable future as the Corporation's shares are listed on a Canadian stock exchange. The Group's exposure to CAD dollar currency risk was as follows:

	September 30, 2017	December 31, 2016
	CAD	CAD
	\$	\$
Cash and cash equivalents	161,426	180,059
Accounts payable & accrual liabilities	(114,324)	(78,214)
Convertible debentures	-	(240,092)
	47,102	(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 \$377.

14. Segment reporting

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

15. Earnings per Share

Basic earnings (loss) per share is calculated based on the weighted average number of shares outstanding during the period. Diluted earnings per share assumes that convertible debentures, stock options, agent's options and warrants have been exercised on the later of the beginning of the period and the date granted. As of September 30, 2017, all options, warrants and convertible debentures were excluded from the computation of diluted loss per share because their effect would have been antidilutive.

16. Subsequent events

Subsequent to September 30, 2017, the Corporation announced that it closed its previously announced acquisition of the business assets of AME, LLC doing business as Armistead Senior Care ("Armistead") in South Burlington, Vermont and Lebanon, New Hampshire, on October 6, 2017, for US\$1.0 million. The purchase was funded by a payment of \$600,000 cash and \$400,000 by issuing 2,509,600 shares of the Corporation at CAD\$0.20 per share (the "Acquisition"). The Nova Leap shares issued as consideration for the Acquisition are subject to a one (1) one year hold period from the date of closing. Nova Leap's subsidiary, Nova Leap Health NH, LLC acquired the business assets of Armistead, including customer contracts and intellectual property, and will continue to operate with the name doing business as Armistead Senior Care. The acquisition represents Nova Leap's third investment in New England and first in Vermont.

Concurrent with the Acquisition, Nova Leap closed its previously announced private placement for proceeds of \$621,582 (CAD\$780,000) through the issuance of 3,900,000 units at a price of CAD\$0.20 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 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. Certain officers, directors and insiders of the Corporation subscribed to an aggregate of 2,050,000 units.

Nova Leap Health Corp.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited - United States dollars)

For the three and nine months ended September 30, 2017 and October 31, 2016

16. Subsequent events (continued)

Subsequent to September 30, 2017, the Corporation closed the second and final tranche of its previously announced private placement for proceeds of \$167,601 (CAD\$210,000) through the issuance of 1,050,000 units at a price of CAD\$0.20 per unit. Together, with the first tranche, total proceeds were \$789,183 (CAD\$990,000), part of which were used to fund the Armistead Senior Care asset acquisition on October 6, 2017, with the remainder to be used for working capital. 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.

Subsequent to September 30, 2017, the Corporation announced that it was undertaking a non-brokered private placement to raise up to CAD\$1.0 million by the sale of Units of the Corporation at a price of CAD\$0.20 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 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 Corporation 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 working capital purposes.