OPEN SOURCE HEALTH INC.
(formerly Sunshine Capital Corporation)

Consolidated Financial Statements

Years ended September 30, 2015 and 2014

Independent Auditors' Report

To the Shareholders of Open Source Health Inc.:

We have audited the accompanying consolidated financial statements of Open Source Health Inc., which comprise the statements of financial position as at September 30, 2015 and 2014, and the statements of operations and comprehensive loss, changes in deficiency, and cash flows for the years ended September 30, 2015 and, 2014, 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

We believe that the audit evidence we have obtained 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 Open Source Health Inc. as at September 30, 2015 and 2014, and its financial performance and its cash flows for the years ended September 30, 2015 and 2014 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 highlights the existence of a material uncertainty relating to conditions that cast significant doubt on Open Source Health Inc.'s ability to continue as a going concern.

MNP LLP

Toronto, Ontario
January 27, 2016

Chartered Professional Accountants
Licensed Public Accountants

MNP LLP

MANAGEMENT’S RESPONSIBILITY FOR FINANCIAL REPORTING

The accompanying consolidated financial statements of Open Source Health Inc. (formerly Sunshine Capital Corporation.) (The “Company”) are the responsibility of management and the Board of Directors of the Company.

The accompanying consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company’s affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

“Sonya Satveit” (signed)
Sonya Satveit, CEO

“Arvin Ramos” (signed)
Arvin Ramos, CFO

OPEN SOURCE HEALTH INC.

(FORMERLY SUNSHINE CAPITAL CORPORATION)

Consolidated Statements of Financial Position
As at September 30,

	Note		2015		2014
Assets					
Current assets:					
Cash and cash equivalents		**$**	**9,858**	$	5,405
Other receivables	**4**		**34,573**		67,237
Prepaid expenses	**15**		**4,308**		102,556
Short-term Investments	**5**		**10,227**		10,097
			58,966		185,295
Equipment	**6**		**2,313**		9,255
Intangible assets	**7**		**-**		241,205
		$	**61,279**	$	435,755
Liabilities and Shareholders' Deficiency					
Current liabilities:					
Accounts payable and accrued liabilities	**8 & 15**	**$**	**1,149,774**	$	1,016,068
Due to shareholders	**9**		**101,410**		-
			1,251,184		1,016,068
Shareholders' deficiency:					
Share Capital	**10**		**2,127,623**		1,645,561
Units to be issued	**10**		**78,324**		-
Contributed Surplus	**11**		**537,522**		183,111
Warrant reserve	**12**		**594,519**		530,468
Accumulated deficit			**(4,527,893)**		(2,939,453)
			(1,189,905)		(580,313)
		$	**61,279**	$	435,755

Nature of Operations and Going Concern – *Note 1*

Subsequent Event – *Node 19*

Approved on behalf of the Board:

"Sonya Satveit" — Director (Signed)

"Gary Bartholomew" — Director (Signed)

The accompanying notes are an integral part of these consolidated financial statements

OPEN SOURCE HEALTH INC.

(FORMERLY SUNSHINE CAPITAL CORPORATION)

Consolidated Statements of Operations and Comprehensive Loss

Years ended September 30,

	Note		2015		2014
Operating expenses:					
Consulting fees	**15**	**$**	**438,136**	$	470,783
General and administrative			**242,960**		415,447
Write-down of assets	**15**		**100,000**		-
Impairment of intangible assets	**7**		**81,390**		
Depreciation and amortization	**6 & 7**		**166,757**		163,702
Share-based compensation	**11 & 15**		**157,490**		122,944
Research and development	**15**		**151,389**		542,796
Professional fees			**93,363**		203,685
Listing costs	**3**		**-**		605,446
Loss before finance expense, loss on debt settlement and other income			**1,431,485**		2,524,803
Finance expense	**9 & 10**		**154,462**		1,144
Loss on debt settlement	**10**		**50,000**		-
Other (income) expenses			**(47,507)**		-
Net loss and comprehensive loss		**$**	**1,588,440**	$	2,525,947
Weighted average number of common shares	**13**		**9,913,346**		8,227,512
Loss per share - basic and diluted	**13**	**$**	**0.16**	$	0.31

OPEN SOURCE HEALTH INC.

(FORMERLY SUNSHINE CAPITAL CORPORATION)

Consolidated Statements of Changes in Deficiency

Years ended September 30, 2015 and 2014

	Number of common shares	**Share capital**	**Shares to be issued**	**Contributed Surplus**	**Warrants reserve**	**Accumulated Deficit**	**Total**
Balance at October 1, 2014	9,034,221	$ 1,645,561	$ -	$ 183,111	$ 530,468	$ (2,939,453)	$ (580,313)
Shares issued on private placements, net	300,000	70,040	-	-	25,960	-	96,000
Shares issued on debt settlement	914,800	228,539	-	-	232,350	-	460,889
Shares issued on option exercise	68,500	63,800	-	(25,525)	-	-	38,275
Shares issued on warrant exercise	186,160	119,683	-	-	(26,602)	-	93,081
Shares to be issued	-	-	78,324	-	-	-	78,324
Warrants issued on promissory note	-	-	-	-	54,790	-	54,790
Expiry of warrants	-	-	-	222,447	(222,447)	-	-
Share-based payments	-	-	-	157,489	-	-	157,489
Net loss for the year	-	-	-	-	-	(1,588,440)	(1,588,440)
Balance at September 30, 2015	**10,503,681**	**$ 2,127,623**	**$ 78,324**	**$ 537,522**	**$ 594,519**	**$ (4,527,893)**	**$ (1,189,905)**

	Number of common shares	**Share capital**	**Shares to be issued**	**Contributed Surplus**	**Warrants reserve**	**Accumulated Deficit**	**Total**
Balance at October 1, 2013	6,465,555	$ 790,965	$ -	$ 28,145	$ 254,469	$ (413,506)	$ 660,073
Shares issued for reverse acquisition	1,041,666	371,875	-	-	92,885	-	464,760
Shares issued on private placement, net	1,527,000	482,721	-	-	215,136	-	697,857
Expiry of warrants	-	-	-	32,022 -	32,022		
Share-based payments	-	-	-	122,944	-	-	122,944
Net loss for the year	-	-	-	-	-	(2,525,947)	(2,525,947)
Balance at September 30, 2014	**9,034,221**	**$ 1,645,561**	**$ -**	**$ 183,111**	**$ 530,468**	**$ (2,939,453)**	**$ (580,313)**

OPEN SOURCE HEALTH INC.

(FORMERLY SUNSHINE CAPITAL CORPORATION)

Consolidated Statements of Cash Flows

Years ended September 30,

	Note	2015	2014
Cash flows from operating activities:			
Net loss for the year		**$ (1,588,440)**	$ (2,525,947)
Adjustments for			
Depreciation and amortization	**6 & 7**	**166,756**	163,703
Share-based compensation	**11**	**157,490**	122,944
Loss on debt settlement		**50,000**	-
Non-cash finance costs		**132,818**	-
Write-down of assets		**181,390**	-
Non-cash listing costs	**3**	**-**	477,159
Changes in non-cash operating working capital			
Short-term investments		**(130)**	(10,097)
Prepaid expenses		**98,248**	(52,556)
Other receivable		**32,664**	(36,245)
Net liabilities assumed in reverse takeover		**-**	(12,399)
Accounts payable and accrued liabilities	**10**	**464,556**	950,933
		(305,226)	(922,505)
Cash flows from financing activities:			
Proceeds from issuance of common shares & warrants, net of issuance costs	**10**	**231,355**	697,857
Proceeds received from common shares to be issued		**78,324**	-
(Repayments of) proceeds from due to shareholder		**-**	(64,924)
		309,679	632,933
Cash flows from investing activities:			
Purchase of equipment	**6**	**-**	(13,883)
Purchase of intangible assets	**7**	**-**	(4,446)
		-	(18,329)
Increase (decrease) in cash and equivalents		**4,453**	(307,902)
Cash and cash equivalents, beginning of year		**5,405**	313,307
Cash and cash equivalents, end of year		**$ 9,858**	$ 5,405

The accompanying notes are an integral part of these consolidated financial statements

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Open Source Health Inc. (formerly Sunshine Capital Corporation, or "Sunshine") (the "Company") was incorporated on March 16, 2001 under the Business Corporations Act of Alberta, Canada. The Company has its registered office at 1600, 421 - 7th Avenue SW, Calgary, Alberta, Canada.

Open Source Health Corporation ("OSHC") was incorporated on March 27, 2013 under the Business Corporations Act of Ontario, Canada. On January 31, 2014, OSHC completed a reverse takeover transaction of Sunshine. For accounting purposes, OSHC was considered the acquirer and Sunshine the acquiree. Additional information on the transaction is available in Note 3.

The Company is an early stage technology company developing an online portal allowing consumers the opportunity to improve their health care tools and options available, and to take control of their own health. While the tools will be available to all consumers, the Company's primary focus will be on women's health issues.

These consolidated financial statements were authorized by the Board of Directors of the Company on January 27, 2016.

Going Concern

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. The Company has experienced negative cash flows from operations since inception and has net loss for the year of $1,588,440. As of September 30, 2015, the Company had a working capital deficit of $1,192,218.

The Company has relied on financing from its shareholders and officers as well as equity raises to fund operations to date. Implementation of the Company's business plan will require additional debt or equity financing and there can be no assurance that adequate funding will be available in the future, or available under terms favourable to the Company. In assessing whether the going concern assumption is appropriate, management takes into account all available information about the future, which is at least, but not limited to, twelve months from the end of the reporting period. These uncertainties cast significant doubt upon the Company's ability to continue as a going concern. Management believes that it can raise sufficient funds to pay its ongoing administrative expenses and to meet its liabilities for the ensuing twelve months as they fall due.

Accordingly, these financial statements do not reflect adjustments or classifications which might be necessary if the Company was not able to continue as a going concern.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and the Interpretations of the IFRS Interpretations Committee ("IFRIC").

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

b) Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis.

c) Functional currency

The Company and its subsidiary's functional and reporting currency as determined by management, is the Canadian dollar.

d) Basis of consolidation

The consolidated financial statements of the Company include the accounts of the Company and its wholly-owned subsidiary, OSHC. All intercompany balances and transactions have been eliminated. Subsidiaries are consolidated from the date of acquisition, being the date on which the Company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities, and continue to be consolidated until the date such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent, using consistent accounting policies in all material respects.

e) Use of estimates and judgments

The preparation of these consolidated financial statements requires management to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities, revenue and expenses. These estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and further periods if the review affects both current and future periods.

The areas which require management to make significant judgments, estimates and assumptions in determining carrying values include, but are not limited to, impairment of assets and the useful life of intangible assets.

f) Standards issued but not yet effective

IFRS 9 Financial Instruments ("IFRS 9") covers the classification and measurement of financial assets and financial liabilities and the effective date is for annual periods on or after January 1, 2018, with earlier application permitted. The Company is still assessing the impact of adopting IFRS 9. Amendments to IFRS 9 also provide relief from the requirement to restate comparative financial statements for the effect of applying IFRS 9. Instead, additional transition disclosures will be required to help investors understand the effect that the initial application of IFRS 9 has on the classification and measurement of financial instruments.

g) Foreign currency translation

Transactions in foreign currencies other than the functional currency are translated into the functional currency using the exchange rates prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the period end exchange rate with the resulting gains and losses being recognized in the consolidated statements of operations and comprehensive loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are not retranslated.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

h) Equipment

The Company records equipment at cost and provides for depreciation over the useful life of the assets using the straight-line method over two years for computer equipment.

In the year of disposal, the resulting gain or loss is included in the statements of operations and comprehensive loss and the cost of the equipment retired or otherwise disposed and the related accumulated depreciation are eliminated from these accounts.

i) Research and development costs

Research costs are expensed as incurred. The Company has not capitalized development expenditures to date. An intangible asset may be recognized in future periods if the Company can demonstrate:

- the technical feasibility of completing the intangible asset so it will be available for use or sale;
- its intention to complete and its ability to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete the asset; and
- the ability to measure reliably of the expenditure during development.

Capitalized development costs will be amortized over the expected life of the related products, which is generally expected to be three years.

j) Intangible assets

Intangible assets consist of system architecture and design, patent applications, customer lists, and application code, design and branding. The Company carries intangible assets with finite useful lives that it acquires separately at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized over their useful lives, on the straight-line basis over 3 years.

The Company reviews the estimated useful life and amortization method at the end of each reporting period, accounting for the effect of any changes in estimate on a prospective basis.

k) Share-based compensation

The Company grants stock options to acquire common shares of the Company to directors, officers and employees. The Board of Directors grants such options for periods of up to ten years, with vesting periods determined at its sole discretion and at exercise prices equal to or greater than the closing market price on the day preceding the date the options were granted.

The fair value of the options for employee services is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period of the options using the graded vesting method. The fair value is recognized as an expense with the corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

l) Share-based compensation - continued

Where the terms of a stock option are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based compensation arrangement, or is otherwise beneficial to the employee as measured at the date of modification over the remaining vesting period.

Share-based payments for non-employee services are measured at the fair value of the goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received.

m) Loss per share

Basic loss per share is calculated using the weighted-average number of common shares outstanding during the year. Diluted loss per share is computed using the treasury stock method. Stock options and warrants outstanding are not included in the computation of diluted loss per share if their inclusion would be anti-dilutive.

n) Income tax

Income tax expense consists of current and deferred tax expense. Current and deferred taxes are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income.

Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in profit or loss or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

o) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Financial instruments – continued

Financial assets

The Company classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Company's accounting policy for each category is as follows:

Fair value through profit or loss - This category comprises derivatives, or financial assets acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statements of financial position at fair value with changes in fair value recognized in profit or loss. The Company classifies its cash and cash equivalents as fair value through profit or loss.

Loans and receivables - These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity dates. They are initially recognized at fair value and subsequently carried at amortized cost less any provision for impairment. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. The Company classifies its other receivables and investments as loans and receivables.

Held-to-maturity investments - These assets are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity. These assets are initially recognized at fair value and subsequently are measured at amortized cost using the effective interest rate method. If there is objective evidence that the investment is impaired, determined by reference to external credit ratings and other relevant indicators, the financial asset is measured at the present value of estimated future cash flows. Any changes to the carrying amount of the investment, including impairment losses, are recognized in profit or loss.

Available-for-sale - Non-derivative financial assets not included in the above categories are classified as available-for-sale. They are carried at fair value with changes in fair value recognized directly in other comprehensive income, within equity. Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognized in profit or loss.

Transaction costs associated with fair value through profit or loss financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

All financial assets, except for those at fair value through profit or loss, are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that the future cash flows associated with a financial asset or a group of financial assets have been negatively impacted. Different criteria to determine impairment are applied for each category of financial assets described above.

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the asset was acquired.

Fair value through profit or loss – this category comprises derivatives, or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Other financial liabilities – items in this category are initially measured at fair value, net of transaction costs, and are subsequently measured at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The Company classifies its due to shareholders, accounts payable and accrued liabilities as other financial liabilities.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

p) Financial instruments – continued

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

q) Impairment of non-financial assets

The Company reviews its tangible and intangible assets for indications of impairment at the end of each reporting period or when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication of impairment exists, the asset's recoverable amount is estimated. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash generating unit ("CGU") to which the assets belong. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets.

An impairment loss is recognized when the carrying amount of an asset, or its CGU, exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use. In determining the value in use, the expected future cash flows from the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognized in profit or loss. Where an impairment loss subsequently reverses the carrying amount of the asset or CGU is increased by the revised estimate of its recoverable amount but not beyond the carrying amount that would have been determined had no impairment loss been recognized for the asset in the prior periods. A reversal of such impairment loss is also recognized in profit or loss.

During the year ended September 30, 2015, the Company wrote down $81,390 of non-financial assets (September 30, 2014 – Nil).

3. REVERSE TAKEOVER TRANSACTION

On January 31, 2014, OSHC completed a reverse takeover of Sunshine (the "Transaction"). Sunshine acquired all of the issued and outstanding shares of OSHC by issuing one unit for each OSHC common share held. Each unit consisted of one common share of Sunshine and one-half warrant exercisable at $0.85 for one common share of Sunshine, expiring 12 months from the date of the Transaction.

3. REVERSE TAKEOVER TRANSACTION (continued)

The Transaction resulted in OSHC becoming a wholly-owned subsidiary of Sunshine, the transaction has been accounted for as a reverse acquisition in accordance with guidance provided in IFRS 2 “Share-based Payment”. As Sunshine did not qualify as a business according to the definition in IFRS 3 “Business Combinations”, this reverse acquisition transaction does not constitute a business combination; rather, it is equivalent to the issuance of shares by the non-public operating entity, OSHC, for the net assets and the listing status of the non-operating public company, Sunshine. As a result, the Transaction is accounted for as a capital transaction, with OSHC being identified as the accounting acquirer and the equity consideration provided by OSHC being measured at fair value. The fair value of the shares issued was determined based on the fair value of the common shares, included in the units, issued by Sunshine (note 10(x)). The resulting consolidated statement of financial position was presented as a continuance of OSHC’s operations and the comparative figures presented before the Transaction are those of OSHC. The results of operations, the cash flows, and the assets and liabilities of Sunshine have been included in these consolidated financial statements since January 31, 2014, the Transaction date.

Immediately prior to the Transaction OSHC affected a 1 for 6 stock consolidation. The resulting 1,041,666 common shares owned by the shareholders of the Company as at the Transaction Date were considered a deemed issue of common shares by OSHC to acquire Sunshine’s net assets. In accordance with IFRS 2, the excess of the fair value of the common shares issued by OSHC over the value of the net assets of Sunshine was recognized in the consolidated statements of operations and comprehensive loss, as listing costs.

Each of the stock options and warrants to purchase common shares of OSHC were exchanged and retain all original terms but are now exercisable for one common share of Sunshine. After closing of the Transaction, the name of the Company was changed to Open Source Health Inc.

Consideration:	
1,041,666 shares (note 10(x))	**$ 371,875**
Net assets acquired:	
Cash and cash equivalents	$ 4,397
Other receivables	10,088
Accounts payable and accrued liabilities	(26,884)
	(12,399)
Excess attributed to cost of listing	384,274
Total	**$ 371,875**

Listing cost	
Excess attributed to cost of listing	$ 384,274
Professional fees	92,420
Other	35,867
Finders’ warrants	92,885
	$ 605,446

4. OTHER RECEIVABLES

Other receivables consist of the following:

As at September 30,		**2015**		2014
HST recoverable	**$**	**20,018**	$	52,682
Other receivables		**14,555**		14,555
	$	**34,573**	$	67,237

5. SHORT-TERM INVESTMENTS

The Company holds a $10,000, 1-year GIC, paying a 1.3% annual coupon. The GIC is used to secure the Company's credit card facility.

6. EQUIPMENT

		Computer equipment		**Total**
Cost				
At October 1, 2014	$	13,883	$	13,883
Additions for the year		-		-
At September 30, 2015	**$**	**13,883**	**$**	**13,883**
Accumulated depreciation				
At October 1, 2014	$	4,628	**$**	**4,628**
Depreciation expense		6,942		**6,942**
At September 30, 2015	**$**	**11,570**	**$**	**11.570**
Net book value				
At September 30, 2015	**$**	**2,313**	**$**	**2,313**
At September 30, 2014	$	9,255	$	9,255

7. INTANGIBLE ASSETS

	System Architecture and Design	Patent Applications and Ideas	Medical and Patient Networks and Relationships	Application Code/ Web Design/ Branding	Total
Cost					
At October 1, 2014	$ 250,000	$ 150,000	$ 29,446	$ 50,000	**$ 479,446**
Additions for the year	-	-	-	-	**-**
At September 30, 2015	250,000	150,000	29,446	50,000	**479,446**
Accumulated amortization					
At October 1, 2014	$ 125,000	$ 75,000	$ 13,241	$ 25,000	**$ 238,241**
Amortization expense	83,333	50,000	9,816	16,666	**159,815**
Impairment	41,667	25,000	6,389	8,334	**81,390**
At September 30, 2015	-	-	-	-	**-**
Net book value					
At September 30, 2015	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
At September 30, 2014	$ 125,000	$ 75,000	$ 16,205	$ 25,000	$ 241,205

During the year ended September 30, 2015, the Company wrote down intangible assets with a net book value of $81,390.

8. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities were comprised of the following:

As at September 30,	**2015**	2014
Accounts payable	**$ 823,186**	$ 906,181
Accrued liabilities	**326,588**	109,887
	$ 1,149,774	$ 1,016,068

9. DUE TO SHAREHOLDERS

On October 20, 2014, the Company entered into a promissory note agreement with Pilkington Capital, a company controlled by the chairman of the Company. The principal amount of the note is $75,000, bearing interest at 15% per annum. As compensation, for the year ended September 30, 2015, the Company accrued $10,633 of interest relating to this promissory note. As part of the promissory note agreement the Company issued 150,000 warrants to Pilkington Capital. See note 10(viii).

Additionally, on May 27, 2015, the Company entered into a promissory note agreement with CyberNorth Ventures Inc., a company controlled by the chairman of the Company. The principal amount of the note is $15,000, bearing interest at 15% per annum. As compensation, for the year ended September 30, 2015, the Company accrued $777 of interest relating to this promissory note. As part of the promissory note agreement the Company issued 60,000 warrants to CyberNorth Ventures Inc. See note 10(iv).

10. SHARE CAPITAL

Authorized:

The Company is authorized to issue an unlimited number of common shares with no par value.

Issued:

(i) During the year ended September 30, 2015, the Company settled debt with a creditor providing for settlement of an aggregate of $133,439 of indebtedness. In exchange for the debt settlement, the Company issued 414,800 common shares.

(ii) During the year ended September 30, 2015, the Company issued 68,500 common shares on the exercise of options for gross proceeds of $38,275. $25,525 was transferred from contributed surplus to share capital for the fair market value assigned to those options.

(iii) On July 10, 2015, the Company issued 200,000 units at $0.25 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one warrant exercisable into one common share at a price of $0.35, expiring two years from the date of issuance. The 200,000 warrants were valued at $15,600.

(iv) On May 27, 2015, the Company entered into a promissory note agreement with CyberNorth Ventures Inc., a company controlled by the chairman of the Company. The principal amount of the note is $15,000, bearing interest at 15% per annum. As part of the agreement, the Company issued 60,000 warrants, which were valued at $8,320 and recorded as financing cost. See note 9.

(v) On February 2, 2015, the Company issued 186,160 common shares on the exercise of warrants for gross proceeds of $93,080. The fair market value of those warrants was $26,602, which was transferred from warrant reserve to share capital.

(vi) On December 6, 2014, the Company issued 100,000 units at $0.50 per unit for gross proceeds of $50,000. Each unit consisted of one common share and one half warrant exercisable into one common share at a price of $0.75, expiring two years from the date of issuance. The 50,000 warrants were valued at $8,800. The Company incurred cash transaction costs of $4,000 and issued 4,000 finder's units exercisable at a price of $0.50 for a period of two years. Each unit was comprised of one common share. The finder's units were valued at $1,560.

10. SHARE CAPITAL (continued)

(vii) On October 24, 2014, the Company executed a debt settlement agreement with a creditor providing for settlement of an aggregate of $200,000 of indebtedness. In exchange for the debt settlement, the Company issued 500,000 units. The Company incurred a loss on the issuance of the shares of $50,000. Each unit consisted of one common share and one common share purchase warrant exercisable at a price of $0.50 for a period of 36 months from the date of issuance. The 500,000 warrants were valued at $154,900. As part of the agreement, Pilkington Capital, a company controlled by the chairman of the Company, received 250,000 warrants of guaranteeing the cash purchase of the shares issued to the vendor. The value assigned to those warrants is $77,450 and recorded as financing cost.

(viii) On October 20, 2014, the Company entered into a promissory note agreement with Pilkington Capital, a company controlled by the chairman of the Company. The principal amount of the note is $75,000, bearing interest at 15% per annum. As part of the agreement, the Company issued 150,000 warrants, which were valued at $46,470 and recorded as financing cost. See note 9.

(ix) On January 20, 2014, the Company issued 1,527,000 units at $0.50 per unit for gross proceeds of $763,500. Each unit consisted of one common share and one warrant exercisable into one common share at a price of $0.60, expiring two years from the date of issuance. The value of one share issued as part of the unit was determined to be $0.357. The 1,527,000 warrants were valued at $195,900. The Company incurred cash transaction costs of $65,642 and issued 121,360 finder's units exercisable at a price of $0.50 for a period of two years. Each unit is comprised of one common share and one common share purchase warrant exercisable at a price of $0.50 for two years. The finder's units were valued at $19,236.

(x) On January 31, 2014, as part of the reverse takeover transaction (note 3) the Company issued 1,041,666 common shares and 3,996,278 warrants to former Sunshine shareholders. The fair value of $371,875 was assigned to the common shares based on the fair value attributed to the shares issued in the concurrent private placement described in *note 10(ix).* No value was attributed to the warrants which are exercisable at a price of $0.85 for a period of one year from date of issuance. The Company issued 650,000 Agent warrants in connection with the transaction. The finder's warrants are exercisable at a price of $0.50 for a period of 2 years and were valued at $92,885.

Units to be issued

As at September 30, 2015, consideration of $78,324 (2014 - $Nil) had been received pertaining to a private placement to be settled in the following quarter. The shares will be settled at $0.25 each. See note 19.

11. CONTRIBUTED SURPLUS

Share Option Plan

The Board of Directors of the Company adopted a stock option plan (the "Plan") whereby the aggregate number of common shares reserved for issuance under the Plan, including common shares reserved for issuance under any other share compensation arrangement granted or made available by the Company from time to time, may not exceed 15% of the Company's issued and outstanding common shares. The Plan is administered by the Board of Directors and grants made pursuant to the Plan must at all times comply with the policies of the Canadian Securities Exchange and the Plan.

The terms of any options granted under the Plan are fixed by the Board of Directors and may not exceed a term of ten years. The exercise price of the options granted under the Plan is set at the last closing price of the Company's common shares before the date of grant.

11. CONTRIBUTED SURPLUS (continued)

Each employee share option converts into one common share of the Company on exercise. No amounts are paid or payable by the recipient on receipt of the option. The options carry neither rights to dividends nor voting rights. Options may be exercised at any time from the date of vesting to the date of their expiry.

A summary of the change in the Company's stock options is as follows:

	Weighted Average Exercise Price	Number of Options
Balance - September 30, 2014	$ 0.49	880,000
Granted – November 5, 2014	$ 0.50	100,000
Granted – November 30, 2014	$ 0.70	75,000
Granted – July 2, 2015	$ 0.26	100,000
Granted – September 14, 2015	$ 0.32	100,000
Granted – September 23, 2015	$ 0.40	25,000
Options exercised	$ 0.56	(68,500)
Options expired	$ 0.44	(200,000)
Balance – September 30, 2015	**$ 0.47**	**1,011,500**

During the year ended September 30, 2015, the Company granted 400,000 stock options at exercise prices ranging from $0.26 to $0.70 per share for a period of 10 years from the date of grant. For the year ended September 30, 2015, $157,490 of stock-based compensation expense was recorded for the fair value of stock options vested (2014 - $122,944).

The following table summarizes the exercise price ranges of outstanding and exercisable stock options as at September 30, 2015:

	Total stock options outstanding			
Range of exercise prices	Number outstanding	Weighted average remaining contractual life	Weighted average exercise price	Vested and exercisable
$0.00 – $0.15	176,500	7.5 years	$ 0.15	176,500
$0.16 – $0.60	560,000	8.9 years	$ 0.46	271,000
$0.61 – $0.70	275,000	8.7 years	$ 0.68	122,500
$0.00 – $0.70	1,011,500	8.6 years	$ 0.47	570,000

The fair value of stock options issued in 2015 was estimated using the Black-Scholes option pricing model with the following assumptions:

Volatility - estimate based on comparable companies	100%
Risk-free interest rate	1.47% - 1.98%
Expected life (years)	10.0
Dividend yield	Nil
Forfeiture rate	0%
Exercise price	$0.26 - $0.70
Share price	$0.29 - $0.70

12. WARRANT RESERVE

The following is a summary of warrants:

Expiry date	Balance, September 30, 2014	Granted	Exercised	Expired	Balance, September 30, 2015	Weighted average exercise price
September 26, 2015	910,000	-	-	(910,000)	-	$0.00
January 31, 2015 *	3,996,278	-	-	-	3,996,278	$0.85
October 10, 2015	40,000	-	-	-	40,000	$0.60
October 22, 2015	10,000	-	-	-	10,000	$0.60
January 20, 2016	1,477,000	-	-	-	1,477,000	$0.60
October 17, 2015	3,200	-	-	-	3,200	$0.50
January 20, 2016	118,160	-	-	-	118,160	$0.50
October 24, 2016	650,000	-	(186,160)	-	463,840	$0.50
October 24, 2016	-	900,000	-	-	900,000	$0.50
December 6, 2016	-	50,000	-	-	50,000	$0.75
December 6, 2016	-	4,000	-	-	4,000	$0.50
May 26, 2017	-	60,000	-	-	60,000	$0.25
May 29, 2017	-	200,000	-	-	200,000	$0.50
Balance	7,204,638	1,214,000	(186,160)	(910,000)	7,322,478	$0.71

* The expiry date of *these warrants was extended to January 31, 2016.*

The fair values of warrants issued in 2015 were estimated using the Black-Scholes option pricing model under the following weighted average assumptions:

Fair value of common share	$0.26 - $0.50
Volatility - estimate based on comparable companies	100.00%
Risk-free interest rate	0.57% - 2.57%
Expected life (years)	2.00
Dividend yield	Nil

13. LOSS PER SHARE

The calculation of basic and diluted loss per share for the year ended September 30, 2015 was based on the loss attributable to common shareholders of $1,588,440 (2014 – $2,525,947) and the weighted average number of common shares outstanding of 9,913,346 (2014 – 8,227,512). Diluted loss per share did not include the effect of 1,011,500 stock options (2014 – 880,000) and 7,322,478 warrants (2014 – 7,201,638) as they were anti-dilutive.

14. INCOME TAX INFORMATION

The reconciliation of the combined Canadian federal and provincial statutory income tax rate of 25% (2014 – 25%) to the effective tax rate is as follows:

	2015	2014
Net (Income) Loss before recovery of income taxes	$ 1,588,440	$ 2,525,947
Expected income tax recovery	$ (397,110)	$ (631,490)
Tax rate changes and other adjustments	44,840	(83,430)
Non-deductible expenses	13,990	3,710
Non-deductible listing costs	-	119,920
Share-based compensation	39,370	32,580
Change in tax benefits not recognized	298,910	558,710
Income tax (recovery) expense	$ -	$ -

Unrecognized Deferred Tax Assets

Deferred taxes are provided as a result of temporary differences that arise due to the differences between the income tax values and the carrying amount of assets and liabilities. Deferred tax assets have not been recognized in respect of the following deductible temporary differences:

	2015	2014
Equipment and intangible assets	$ 402,970	$ 9,520
Share issuance costs	238,740	171,330
Non-capital losses carried forward	$ 3,587,200	$ 2,896,240

The Canadian non-capital loss carry forwards expire as noted in the table below. Share issue and financing costs will be fully amortized in 2019. The remaining deductible temporary differences may be carried forward indefinitely. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the group can utilize the benefits therefrom.

14. INCOME TAX INFORMATION (continued)

The Company's Canadian non-capital income tax losses expire as follows:

2015	$	376,220
2016		60
2027		31,080
2028		31,170
2029		48,650
2030		21,530
2031		58,190
2032		41,240
2033		401,780
2034		1,509,170
2035		1,068,130
	$	3,587,220

15. RELATED PARTY TRANSACTIONS AND BALANCES

During the years ended September 30, 2015 and 2014 key management compensation was $565,717 (2014 - $900,841). Management compensation has been included in the following expense accounts:

As at September 30,		**2015**		2014
Consulting fees	**$**	**304,000**	$	266,122
General and administrative		**15,000**		33,887
Research and development		**131,277**		519,374
Share-based compensation		**115,440**		81,458
	$	**565,717**	$	900,841

As at September 30, 2015, included in accounts payable and accrued liabilities was $549,313 (2014 – 299,612) due to related parties for consulting services.

During the year ended September 30, 2015, the Company wrote down $100,000 of prepaid expenses related to an agreement with Hormone Soup Inc., a company controlled by an executive officer and director of the Company.

16. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities as at September 30, 2015 and 2014 were as follows:

As at September 30, 2015	**Fair value through profit and loss**	**Loans and receivables**	**Other financial liabilities**	**Total**
Cash and cash equivalents	**$ 9,858**	**$ -**	**$ -**	**$ 9,858**
Other receivables	**-**	**34,573**	**-**	**34,573**
Short-term investments	**10,227**	**-**	**-**	**10,227**
Due to shareholder, accounts payable and accrued liabilities	**-**	**-**	**(1,251,184)**	**(1,251,184)**
	$ 20,085	**$ 34,573**	**$(1,251,184)**	**$(1,196,526)**

As at September 30, 2014	Fair value through profit and loss	Loans and receivables	Other financial liabilities	Total
Cash and cash equivalents	$ 5,405	$ -	$ -	$ 5,405
Other receivables	-	67,237	-	67,237
Short-term investments	10,097	-	-	10,097
Accounts payable and accrued liabilities	-	-	(1,016,068)	(1,016,068)
	$ 15,502	$ 67,237	$ (1,016,068)	$ (933,329)

The carrying amount reflected above represents the Company's maximum exposure to credit risk for such loans and receivables. As at September 30, 2015 and 2014, the Company did not hold financial instruments recorded at fair value that would require classification within the fair value hierarchy, with the exception of cash and cash equivalents.

The carrying value of cash and cash equivalents, other receivable and due to shareholder, accounts payable and accrued liabilities approximate fair value due to the short-term nature of these instruments.

17. FINANCIAL RISK FACTORS

The Company’s risk exposure and the impact on the Company’s financial instruments are summarized below.

Credit Risk

Credit risk is the risk of financial loss to the Company if a counter party to a financial instrument fails to meet its payment obligations. The Company is exposed to credit risk with respect to its cash, investments and other receivables.

The Company’s credit risk is primarily attributable to cash and HST recoverable. Management believes that the credit risk with respect to cash and investments is remote as it maintains accounts with highly rated financial institutions and the Government of Canada.

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company’s liquidity and operating results may be adversely affected if the Company’s access to capital markets is hindered, whether as a result of a downturn in stock market conditions, generally, or related to matters specific to the Company. The Company generates cash flow primarily from its financing activities. As at September 30, 2015, the Company had a cash and cash equivalents balance of $9,858 (2014 - $5,405) to settle current liabilities of $1,251,184 (2014 - $1,016,068) (note 1).

All of the Company's financial liabilities have contractual maturities of less than one year and are subject to normal trade terms. The Company cannot ensure there is sufficient capital in order to meet short term business requirements, after taking into account cash flows from operations and the Company’s cash holdings. The Company is currently seeking sources of funding to settle short term liabilities, and short term cash requirements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk.

Interest rate risk

Interest rate risk consists of a) the extent that payments made or received on the Company’s monetary assets and liabilities are affected by changes in the prevailing market interest rates, and b) to the extent that changes in prevailing market rates differ from the interest rate in the Company’s monetary assets and liabilities.

Due to the short-term nature of the Company’s financial instruments, fluctuations in market rates do not have a significant impact on the estimated fair values.

Foreign currency risk

The Company is not exposed to any significant foreign currency risk.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, other than those arising from interest rate risk or foreign currency risk. The Company is not exposed to significant other price risk

18. CAPITAL MANAGEMENT

The Company's objectives when managing capital, defined as shareholders' equity (currently a deficiency), are to safeguard the Company's ability to continue as a going concern (note1) in order to maintain a flexible capital structure that optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or acquire or dispose of assets.

In order to facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

There have been no changes to the Company's approach to capital management during the year ended September 30, 2015. The Company is not subject to externally imposed capital requirements.

19. SUBSEQUENT EVENT

Private Placement

On October 26, 2015, the Company amended the previously announced closing of a non-brokered private placement of 1,000,000 Units for gross proceeds of $250,000 to 528,220 Units for gross proceeds of $132,055. Each Unit will consist of one common share in the capital of the Company and one common share purchase warrant, each Warrant entitling the subscriber to purchase an additional common share for a period of twenty-four (24) months from the date of issuance at a price of $0.35 per Warrant. The Offering will be subscribed for by Pilkington Capital Corporation, a company controlled by Mr. Gary Bartholomew, a director and Chairman of the Company and Ms. Sonya Satveit, a director, President and CEO of the Company.

20. COMMITMENTS AND CONTINGENCIES

The Company was served with a claim filed in connection with the termination of a consulting agreement during the year ended September 30, 2015. The claim calls for damages totaling $187,000. The Company has agreed to a settlement of $50,000 and has recorded the amount in accounts payable and accrued liabilities.