

This is the 1st affidavit
of Anthony O'Brien
in this proceeding and
was made on
15/MAR/2022

No. VLC-S-S-1913149
Vancouver Registry

IN THE SUPREME COURT OF BRITISH COLUMBIA

Between

KARL HAASE

Plaintiff

and

RELIQ HEALTH TECHNOLOGIES INC.,
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

AFFIDAVIT #1 of ANTHONY O'BRIEN

I, Anthony O'Brien, lawyer, of 302 – 100 Lombard Street, Toronto, Ontario, AFFIRM THAT:

1. I am a partner at Siskinds LLP (“**Siskinds**”), co-counsel with Mathew P Good Law Corporation (“**MPGLC**” and together with Siskinds, “**Class Counsel**”) for the Plaintiff and Class in this action, and as such have personal knowledge of the facts and matters deposed to in this affidavit. Where facts are not within my personal knowledge, I have stated the source of the information, and I believe the information to be true.

2. Unless otherwise stated or the context otherwise indicates, capitalised terms used in this affidavit have the meanings assigned to them in the Plaintiff's Notice of Civil Claim dated November 20, 2019, attached as **Exhibit “A”**.

3. Where I use the pronoun “we”, “Class Counsel” and similar terms, I am referring to myself along with the lawyers with primary carriage of the action: Michael Robb, Garrett Hunter and Jared Rosenbaum of Siskinds, together with Mathew Good of MPGLC.

4. In this affidavit, I address, among other things:

- (a) the nature of these applications;
- (b) the settlement agreement between the Plaintiff (on his own behalf and on behalf of the Class) and Reliq Health Technologies Inc., Lisa Crossley, Aman Thindal, Giancarlo De Lio, Eugene Beukman and Brian Storseth dated November 24, 2021 (“**Settlement Agreement**”), including its key terms, and information regarding its negotiation and rationale;
- (c) the recommendation of Class Counsel to approve the Settlement Agreement;
- (d) the Distribution Protocol;
- (e) the First Notice and response by Class Members;
- (f) the Second Notice;
- (g) Class Counsel’s request for Class Counsel Fees (as defined in the Settlement Agreement); and
- (h) the requested honorarium for Mr. Haase.

5. I swear this affidavit in support of the Plaintiff’s applications for the items identified in the preceding paragraph, and for no other or improper purpose.

Litigation chronology and events to date

6. The background and chronology of this litigation are set out in the affidavit of Jared Rosenbaum sworn November 25, 2021 (“**Rosenbaum Affidavit**”) at paragraphs 5-14.

7. On December 7, 2021, the Plaintiff made an application for:

- (a) consent certification for settlement approval purposes;
- (b) approval of opt-out procedures;
- (c) approval of a claims procedure;
- (d) approval of the procedure for Class Members to file objections or comments on the Settlement Agreement and Class Counsel Fees;
- (e) approval of the appointment of RicePoint Administration Inc. (“**RicePoint**”) as administrator; and
- (f) approval of First Notice, as is more fully described in the Rosenbaum Affidavit at paragraphs 26-31.

8. The application was granted by order pronounced December 8, 2021, which was subsequently entered February 18, 2022 (“**First Order**”).

9. In accordance with the First Order, First Notice was provided as follows:

- (a) on January 22, 2022, long-form First Notice was published in English and French on Class Counsel’s website: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>;

- (b) on January 24, 2022, the Settlement Agreement was posted on Class Counsel's website; and
- (c) on January 24, 2022, long-form First Notice was mailed, electronically and/or physically, to those persons and entities who have previously contacted Class Counsel for the purposes of receiving notice of developments in the action.

10. On or before March 15, 2022, which is 30 days prior to the application to approve the matters referred to at paragraph 4, we will or have already posted the following items on our webpage:

- (a) a short summary of the rationale for the Settlement, a copy of which is attached as **Exhibit "B"**;
- (b) the affidavits in support of the application for approval of the Settlement, including this affidavit; and
- (c) the affidavits in support of the application for approval of Class Counsel Fees, including this affidavit.

11. I understand from Ivan Bobanovic and Kurt Elgie of Ricepoint that Ricepoint completed the other components of the Plan of Notice for the First Notice:

- (a) arranged for the publication of short-form First Notice in the national weekend edition of *The Globe and Mail* in English and in *La Presse* in French. That publication occurred on Saturday, January 22, 2022;

- (b) arranged for the issuance of a news release, in English and in French, across Canada Newswire (www.newswire.ca), which occurred on January 24, 2022;
- (c) arranged for publication of the short-form First Notice in English and French on Institutional Shareholder Services Inc., which occurred on January 24, 2022;
- (d) starting on January 24, 2022 Ricepoint sent a notice package (consisting of a short-form First Notice and cover letter) to the Canadian brokerage firms in its proprietary database; and
- (e) starting on January 24, 2022 Ricepoint sent the short-form First Notice directly to persons on the electronic list of Private Placement purchasers provided by the Defendants pursuant to the Settlement Agreement.

12. I further understand from Messrs. Bobanovic and Elgie of Ricepoint that the claims procedure for class members to participate in the settlement commenced concurrently with the first dissemination of First Notice on January 22, 2022. Class Members have until July 21, 2022 to submit a claim for compensation from the settlement funds, which is one hundred and eighty (180) days from the date First Notice was first published on January 22, 2022.

Nature of these Applications

i. Settlement approval, approval of the Plan of Notice and approval of the Distribution Protocol

13. With respect to Settlement approval, the Plaintiff and Class make an application for a Second Order:

- (a) approving the Settlement Agreement;

- (b) ordering the releases and discharges provided for in the Settlement Agreement; and
- (c) upon the Effective Date (as defined in the Settlement Agreement), dismissing this action as against the Defendants without costs and with prejudice.

14. The Defendants consent to the issuance of the Second Order.

15. The Plaintiff and the Defendants have executed the Settlement Agreement, which is subject to this Court's approval. If approved, the Settlement Agreement provides that the Defendants will pay \$2,500,000 for the benefit of Class Members in exchange for a full and final settlement of the action ("**Settlement Amount**").

16. The Plaintiff also makes an application for a Third Order:

- (a) approving the Plan of Notice in respect of the Second Notice;
- (b) approving the short-form and long-form Second Notice; and
- (c) approving the Distribution Protocol and distribution of the Settlement Amount, less fees, disbursements, taxes, administration expenses and any other fee or expense approved by the Court ("**Net Settlement Amount**"), in accordance with the Distribution Protocol.

17. The Defendants do not oppose the issuance of the Third Order.

ii. Fee Approval and Honorarium

18. Concurrently with the Settlement approval application, Class Counsel also apply for an Order:

- (a) approving the retainer agreement with Karl Haase;

- (b) approving Class Counsel Fees; and
 - (c) approving the payment of an honorarium to Mr. Haase.
19. The Defendants take no position with respect to Class Counsel's fee request and the honorarium request for Mr. Haase.
20. Approval of the Settlement Agreement is not dependent on the approval of Class Counsel Fees or the payment of an honorarium to the Plaintiff, consistent with prior case law.

The Settlement – Key Terms, and Settlement Negotiation and Rationale

i. Key Terms

21. The key terms of the Settlement Agreement include that:
- (a) the Settlement Agreement finally resolves the Action;
 - (b) the Settlement Amount of \$2,500,000 will be the sole monetary contribution by the Defendants in the settlement of the action;
 - (c) in order for the Settlement Agreement to take effect, this Court must approve the Settlement;
 - (d) if the Settlement becomes effective, the claims of all Class Members that were asserted or that could have been asserted in the Action will be fully and finally released and the Action will be dismissed. This includes claims that could have been made against the Defendants and against Canaccord Genuity Corp. and Gravitas Securities Inc. (“**Underwriters**”). The Plaintiff brought an application to add the Underwriters as defendants but requested that the Court refrain from

deciding that application while the parties engaged in discussions that included settlement negotiations;

- (e) the Settlement is a compromise having regard to the various risk factors identified by Class Counsel throughout these proceedings;
- (f) the approval of the Settlement is not contingent on approval of the Distribution Protocol, Class Counsel Fees or the honorarium requested for Mr. Haase; and
- (g) in the event that any portion of the Net Settlement Amount is not distributed to Class Members in accordance with the Distribution Protocol, there is no reversion to the Defendants.

22. The terms of the proposed settlement are also set out in the Rosenbaum Affidavit at paragraphs 15-19.

23. The Plaintiff has instructed Class Counsel to seek approval of the Settlement by this Court.

ii. The Recommendation of Class Counsel

24. Since joining Siskinds in 2010, I have been counsel for the class in a number of securities class actions, including actions that have been settled involving SNC-Lavalin Group Inc., Agnico-Eagle Mines, Smart Technologies, Canadian Solar, Baffinland Iron Mines Corporation and Donnybrook Energy, among others.

25. My partner and co-counsel to the Class in this action, Michael Robb, is likewise an experienced securities class action practitioner, acting as counsel in securities class actions against Sino-Forest Corporation, IMAX, Smart Technologies, Gammon Gold, SNC-Lavalin Group Inc. and Arctic Glacier Income Fund, among others.

26. The other members of the counsel team, Mathew Good, Garrett Hunter and Jared Rosenbaum, also have considerable experience litigating class actions and Messrs. Hunter and Rosenbaum have particular experience with securities class actions.

27. As a result of Class Counsel's involvement in other cases, we have gained considerable experience in settlement mechanics and imperatives, damages methodologies, and risks associated with this type of litigation. Class Counsel also had substantial information available to them which informed the recommendations made to Mr. Haase in settlement negotiations. This information included, *inter alia*:

- (a) the positions taken by the Defendants in this litigation, including in the Defendants' material responding to the Plaintiff's application for leave to assert the right of action for secondary market misrepresentation under Part 16.1 of the *Securities Act*, RSBC 1996, c 418 ("***Securities Act***") and certification application;
- (b) the Defendants' public disclosure documents, including financial statements, various Management's Discussion and Analysis and news releases;
- (c) documents used in the Private Placement that closed on or around January 9, 2018, including the terms of the offering and an investor presentation ("**Impugned Private Placement Documents**");
- (d) the Plaintiff's mediation brief and the Defendants' mediation brief;
- (e) documents, including sworn Declarations from the Defendant Lisa Crossley and other former and current Reliq employees, obtained from litigation involving Reliq in the United States District Court, Southern District of Texas, Houston Division,

court file number 4:19-CV-00040 (“**U.S. Litigation**”) that are germane to the matters at issue in this action;

- (f) the report of the Plaintiff’s accounting expert, Cyrus Khory, and discussions with Mr. Khory on the merits of the Plaintiff’s claims;
- (g) available trading data for Reliq’s securities;
- (h) analyst reports on Reliq;
- (i) the Defendants’ responsive insurance policies;
- (j) the input of the mediator, Joel Wiesenfeld, at the mediation held on September 17, 2021; and
- (k) other information generated by our legal and factual investigations.

28. In the mediation held on September 17, 2021, Class Counsel and Mr. Haase considered this information and reviewed and weighed the risks facing the Plaintiff, the likelihood of these risks materializing and the associated impacts on any potential recovery attainable on behalf of Class Members. This assessment informed our recommendation to Mr. Haase to make a \$2,500,000 settlement offer to the Defendants at the conclusion of the mediation with a two-week deadline for acceptance. The offer was accepted by the Defendants near the end of the two-week period.

29. For reasons similar to those underpinning our recommendation to Mr. Haase, Class Counsel recommends approval of the Settlement Agreement to this Court. It is our opinion that the Settlement Agreement represents a favourable result for the Class and is a fair and reasonable compromise. Our recommendation rests, primarily, on the factors discussed in more detail in the

next section, in addition to the general risks of proceeding with complex securities litigation that existed in this case.

iii. Factors and risks considered in assessing the fairness and reasonableness of the settlement

a. The Defendants' ability to pay

30. In Class Counsel's view, the claims against the Defendants are strong and the action had very good prospects for a successful outcome on the merits. The most significant factor informing Class Counsel's recommendation to Mr. Haase to resolve the action for \$2,500,000 was the Defendants' ability to pay.

31. From an early stage, Class Counsel identified the ability to collect from the Defendants as the most significant risk in this action. Even before the commencement of this action, it was Class Counsel's view that any settlement or judgment would likely be largely funded by the Defendants' insurance. There was a substantial risk that, in the absence of insurance, success at trial could result in a paper judgment against the Defendants. A large judgment could force Reliq into insolvency proceedings in which the Plaintiff and Class Members would face significant difficulties obtaining any meaningful recovery as unsecured creditors.

32. The significant risk that Reliq would be unable to satisfy a judgment out of its own assets is clear from its financial statements. For example, Reliq's financial statements for the year ended June 30, 2018 explained that it was not profitable, had incurred a substantial operating deficit over the years and was at the material risk of being unable to continue as a going concern (*i.e.* there was a material insolvency risk):

At June 30, 2018, the Company had not achieved profitable operations, had accumulated a deficit of \$25,938,288 (2017 - \$12,141,737) since inception and expects

to incur further operating losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. **This indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.**

[emphasis added]

Reliq's financial statements dated October 29, 2018 for the period ended June 30, 2018 are attached as **Exhibit "C"**.

33. Reliq continued to have a material going concern caution in its financial statements throughout the litigation. This included in Reliq's financial statements dated May 31, 2021 (for the quarter ended March 31, 2021), which were Reliq's most recent financial statements filed before the mediation. The May 31, 2021 financial statements also indicated that Reliq had cash of only \$423,478 and still had not turned a profit. Attached as **Exhibit "D"** are Reliq's financial statements dated May 31, 2021 for the quarter ended March 31, 2021.

34. Concerns with the financial solvency of Reliq and its ability to satisfy a judgment continue to the present. A material caution as to Reliq's ability to continue as a going concern was contained in Reliq's financial statements for the quarter ended December 31, 2021, which were recently filed on March 1, 2022 (attached as **Exhibit "E"**). Those financial statements noted that Reliq still had not turned a profit, had negative cash flow from operations and that its accumulated deficit continued to increase. Reliq's cash position also continues to be precarious. As of December 31, 2021 Reliq had total cash of \$568,128.

35. Concerns with the Defendants' ability to satisfy a judgment against them, led the Plaintiff to request disclosure from the Defendants of any potentially responsive insurance policy. This information was not available in publicly available documents. The Defendants produced their insurance documents on April 28, 2020. The insurance documents indicated that the Defendants collectively had responsive insurance coverage of \$2,000,000. This insurance coverage was inclusive of defence costs. Otherwise put, any legal costs and disbursements incurred by the Defendants in defending the litigation would be deducted from the \$2,000,000 in coverage.

36. There was also a \$1,000,000 Side A extension. However, the Side A extension was only available to the individual Defendants and only after the \$2,000,000 in primary coverage had been exhausted.

37. The Defendants' production of their limited and eroding insurance coverage coupled with Reliq's poor financial position, informed the Plaintiff's decision in the summer of 2020 to agree to an early mediation in the action after the Defendants delivered materials in response to the Plaintiff's application for leave under Part 16.1 of the *Securities Act* and certification. That would allow for the parties to discuss a potential resolution before other costly steps associated with the leave and certification applications (such as potential cross-examinations, the delivery of written argument and oral argument) were taken, which would have continued to reduce the available insurance coverage. The Defendants delivered their responding leave and certification materials in August 2021.

38. At the mediation on September 17, 2021, Mr. Haase and Class Counsel were told that approximately \$500,000 of available insurance coverage had already been spent on defence costs leaving approximately \$1,500,000 in primary coverage. It was reasonably anticipated that, if the

litigation continued, the insurance would continue to erode, potentially at a quicker pace. As a result of this information and Reliq's poor financial position, it was evident that: (i) if the action was taken to trial and a judgment obtained, it was highly likely that there would be a paper judgment for the Class; and (ii) the continuation of the litigation could potentially put the Plaintiff in a worse bargaining position as insurance continued to erode without any material improvement in Reliq's financial position.

39. Further complicating matters, Mr. Haase and Class Counsel were informed that there was uncertainty about whether a contribution to any settlement amount would come from the \$1,000,000 Side A extension coverage, which was only available to the individual Defendants (from whom recovery is capped at a relatively low amount as explained further below at paragraph 50) and after the \$2,000,000 in primary coverage was exhausted.

40. Considering the above and the other risks and limitations on potential recovery discussed below, Class Counsel recommended that the Plaintiff make a settlement offer for \$2,500,000, which represented the full amount of the remaining insurance coverage (including the Side A extension coverage), though it was open to the Defendants and their insurers to fund the settlement amount in the manner agreed between them.

41. The Plaintiff's offer was ultimately accepted. This resulted in the payment of: (i) the remainder of the primary liability insurance coverage (\$1.5 million), and (ii) a contribution of \$1 million from Reliq. Attached as **Exhibit "F"** is a Reliq news release dated January 21, 2022 concerning the break-down of the settlement amount.

42. In my experience, it is relatively rare for defendants to make contributions to settlements beyond available insurance coverage in securities class actions such as this one.

43. Based on Class Counsel's experience, available insurance and the solvency of the issuer are key considerations when it comes to maximizing class member recovery in securities class actions. My Siskinds partner Michael Robb was counsel in the class action against Sino-Forest Corporation. After the commencement of the class action, Sino-Forest filed for insolvency protection under the *Companies' Creditors Arrangement Act*. Although Sino-Forest and its directors and officers held insurance policies totaling \$60 million, other than one settlement with the CFO for \$4.2 million and another settlement with Sino-Forest's independent directors for \$1 million, the insurance policies were completely exhausted, leaving no recovery for security holders of Sino-Forest Corporation (though significant recoveries were made from other defendants in the proceedings).

44. Siskinds was also counsel to the plaintiff in a securities class action against Canada Lithium Corp. and its directors and officers. A settlement was reached with the defendants in that case for \$400,000 after the company was placed in receivership following the commencement of the securities class action. All but \$400,000 of insurance coverage, which was depleted by the ongoing litigation, was left for recovery and paid under a settlement.

45. These are two of several examples where the risk of recoverability materialized in securities class actions. That same risk was present in this case for the reasons discussed above.

b. Future expense and likely duration

46. In our experience, absent this proposed Settlement Agreement, it would likely take at least another five years to bring this action to an adjudicated resolution on the merits. In fact, given appeals and other procedural steps, a longer timeframe is well within the realm of possibility even with Class Counsel doing its utmost to push this case to a resolution. The Settlement Agreement

has the meaningful benefit that Class Members receive access to compensation at a relatively early stage of the litigation.

c. Potential Damages for secondary market misrepresentations were capped

47. Part 16.1 of the *Securities Act* provides a formula for calculating damages. Class Counsel's damages estimate based on this formula was approximately \$15,000,000.

48. However, actual damages recoverable from the Defendants was likely less. Under Part 16.1 damages calculated pursuant to the damages formula are limited by the statutory caps on damages (called "liability limits") that apply unless the plaintiff can prove that the defendant authorized, permitted, or acquiesced in making a misrepresentation while knowing that it was a misrepresentation. The liability limit cannot be lifted as against the issuer (*i.e.* Reliq) even where it has knowledge of the misrepresentation.

49. For Reliq, the limit is 5% of its pre-misrepresentation market capitalization. Class Counsel calculate Reliq's liability limit to be approximately \$10,000,000.

50. For the individual Defendants, the limit is the greater of 50% of the aggregate of their compensation or \$25,000. For the individual Defendants in this case, Class Counsel's calculation of the likely maximum liability limits are: (i) Lisa Crossley - \$70,822; (ii) Amandeep Thindal - \$38,360; (iii) Eugene Beukman - \$33,450;¹ and (iv) Brian Storseth - \$25,000. There is insufficient publicly available information to calculate the liability cap for Giancarlo De Lio but at a minimum it would be \$25,000.

¹ For Lisa Crossley, Amandeep Thindal and Eugene Beukman damages caps are calculated by adjusting the individual Defendants' total compensation for 2018 by the number of days in the Class Period (February 23, 2018 to the start of trading on October 16, 2018): total 2018 compensation * (235/365).

51. There are no damages caps or restrictions on the recovery for the misrepresentation claims of Private Placement Class Members. However, for the reasons discussed below, there was considerably more risk associated with successfully prosecuting those claims.

d. Risks on the merits of the claims

52. Class Counsel always viewed the claims of the Secondary Market Class Members under Part 16.1 of the *Securities Act* as strong. There was, nonetheless, a real risk that the Plaintiff and other Secondary Market Class Members would be unsuccessful on the merits and potentially on the application for leave under Part 16.1 of the *Securities Act*.

53. Class Counsel and the Plaintiff were well apprised of those risks. The Defendants filed lengthy responding materials to the Plaintiff's application for leave. Such applications involve a preliminary merits inquiry, which requires plaintiffs to establish their good faith and a reasonable possibility of success at trial. To foreclose a reasonable possibility of success, the Defendants' responding leave record included evidence contesting the claims asserted by the Plaintiff on the merits.

54. The Plaintiff also had the benefit of the Defendants' mediation brief, which addressed the merits of the Plaintiff's claim.

55. This material, as well as Class Counsel's internal assessment, point to the following specific risks to the Plaintiff and Class on the merits in addition to the risks that always arise in complex litigation such as this:

- (a) *risk that a misrepresentation could not be established:* The Plaintiff's claim is premised on misrepresentations with respect to the number of paying patients using

Reliq's iUGO Platform and related accounting errors. Ms. Crossley's affidavit evidence was that the numbers reported were accurate at the time Reliq disclosed them but that Reliq later lost the patients largely due to the misconduct of a few rogue employees. Further, the evidence of the Defendants' accounting expert, Steve Aubin a partner at Deloitte LLP, is that Reliq appropriately recognized revenue in its financial statements and that there was no misstatement of Reliq's financial statements. As Mr. Aubin points out, although Reliq initially announced an intention to restate certain financial statements, it ultimately did not do so. This removed a key piece of evidence the Plaintiff could have otherwise used to establish the existence of a misrepresentation. Consistent with this, Reliq publicly disclosed that the British Columbia Securities Commission reviewed Reliq's decision not to restate its previous financials but did not require a restatement to be made;

- (b) *risk that the Defendants would successfully assert the reasonable investigation defence:* Part 16.1 of the *Securities Act* provides defendants with a reasonable investigation (due diligence) defence to a misrepresentation claim. The Defendants put forward evidence in their leave record that they conducted due diligence into the number of patients they reported as onboarded onto their iUGO Platform. There was, thus, a risk that even if a misrepresentation were established, the Defendants could have avoided liability; and
- (c) *risk that the Plaintiff had inadequate evidence to establish a reasonable possibility of success on the leave application:* The Plaintiff's success on the leave application was, in part, dependent on evidence obtained from the U.S. Litigation. This included sworn Declarations from Lisa Crossley and former Reliq employees who

were alleged to have defrauded Reliq. It was anticipated that the Defendants would challenge the Plaintiff's reliance on at least some of this evidence. If the Court did not accept some or all of this evidence, there was a real risk that the Plaintiff would not have been successful on the leave application. Failure at leave would have, in all likelihood, brought this action to an end.

56. The Private Placement Class Members faced similar risks on the merits. While the claims of the Private Placement Class Members were not subject to the leave requirement under Part 16.1 of the *Securities Act*, there were substantial additional risks associated with the claims of these Class Members.

57. The Plaintiff had evidence available to him that indicated that the claims were weaker for the misrepresentations alleged to have been made in the Impugned Private Placement Documents. There was weaker evidence that the revenue collection issues existed at the time those documents were disseminated. The evidence from the U.S. Litigation related to the matters at issue in this action was strongest for misrepresentations made after the closing of the Private Placement. The Secondary Market Class Period started after the date of the Private Placement. There was a real risk that the Plaintiff would be unable to establish that the Impugned Private Placement Documents contained a misrepresentation.

58. Additionally, based on the current information available to Class Counsel, the Impugned Private Placement Documents alleged to contain the misrepresentations were sent to the Private Placement Class Members by the Underwriters not the Defendants. There was a real risk the Plaintiff would not be able to prove that the Defendants made or were otherwise responsible for the misrepresentations contained in the Impugned Private Placement Documents.

59. Lastly, the Private Placement Class Members did not have the benefit of a statutory cause of action for misrepresentation under the *Securities Act*. Instead, these Class Members relied on common law causes of action in negligent misrepresentation and unjust enrichment. The statutory causes of action for misrepresentation under the *Securities Act* provide numerous advantages to plaintiffs, including by relieving them of the burden to prove that investors relied on the misrepresentation and proving damage causation (i.e. that the decline in the price of the securities following the public correction of the misrepresentation was related to the misrepresentation and not caused by unrelated issues). The need for Private Placement Class Members to prove reliance and damage causation created a substantial additional hurdle for successfully prosecuting these claims, including a risk that the claims would not be certified due to the individual issues that arise with respect to reliance and causation.

60. The Plaintiff's potential claims against the Underwriters for misrepresentations in the Impugned Private Placement Documents also faced real challenges. *First*, the issues described above with respect to the existence of a misrepresentation and the lack of a statutory cause of action apply to the claims against the Underwriters.

61. *Second*, there was substantial uncertainty as to the nature and scope of the Underwriters' legal obligations to the Private Placement Class Members (if any). Underwriters to a public offering have due diligence obligations imposed by securities regulations for the benefit of investors. No such obligations are imposed by securities regulations for private placements. There was a substantial risk that this Court would find that the Underwriters were simply agents for Reliq and owed no due diligence obligations to these Class Members and, therefore, did not breach any duty of care in making the misrepresentations in the Impugned Private Placement Documents (assuming a misrepresentation could be proved).

62. *Third*, based on Class Counsel’s experience in matters of this type, Reliq would have been obliged to indemnify the Underwriters for defence costs and losses arising from the types of claims the Plaintiff proposed to assert against the Underwriters. The claims against the Underwriters may have resulted in the quicker erosion of the Defendants’ insurance coverage and may have jeopardized Reliq’s financial position further after the insurance was exhausted. Consequently, advancing the proposed claims against the Underwriters carried the risk of undermining the Class Members’ prospects of any meaningful recovery instead of improving them. It was on this basis that the Plaintiff decided in the summer of 2020 to defer the hearing of the application to add the Underwriters.

iv. Settlement Negotiations

63. The negotiations leading to the settlement agreement were conducted on an adversarial, arm’s-length basis. Following the exchange of mediation materials, a mediation was held with Joel Wiesenfeld on September 17, 2021. Mr. Wiesenfeld’s experience is set out at paragraph 13 of the Rosenbaum Affidavit. Although the mediation did not result in an agreement on September 17, it culminated in the Plaintiff making an offer to the Defendants with a two-week expiration date, which the Defendants ultimately accepted. The negotiations and mediation are described in more detail at paragraphs 11 to 14 of the Rosenbaum Affidavit.

Settlement Administration and Distribution Protocol

64. The deadline for Class Members to file a claim in the Action is July 21, 2022. Class Counsel recommends that the Net Settlement Amount be distributed to those Class Members who file valid and timely claims in accordance with the Distribution Protocol, attached as **Exhibit “G”**.

The objective of the Distribution Protocol is to equitably distribute the Net Settlement Amount among such Class Members.

65. Class Counsel believes that the proposed Distribution Protocol is fair, reasonable, and in the best interests of the Class. In coming to this assessment of the Distribution Protocol, we considered the contents of the Settlement Agreement, the Distribution Protocol itself, the economics of distributing a Settlement of this quantum, how similar securities class action settlements have been distributed in the past, and input from RicePoint, which has substantial experience calculating class member entitlement to benefits in the securities class action context.

66. Key terms of the Distribution Protocol include, *inter alia*:

- (a) to make a valid claim, a claimant must establish that they are an Authorized Claimant by providing trading records or other equivalent evidence. An Authorized Claimant is a claimant who has a Notional Entitlement calculated pursuant to the Distribution Protocol (explained in paragraph 66(c) below);
- (b) each Authorized Claimant's compensation shall be the portion of the Net Settlement Amount equivalent to the amount of an Authorized Claimant's Notional Entitlement as a proportion of the total amount of the Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator;
- (c) an Authorized Claimant's Notional Entitlement will be calculated based on a formula that mirrors the statutory formula for damages in section 140.5 under Part 16.1 of the *Securities Act*;

- (d) a discount of 20% will be applied to the Notional Entitlement applicable to Private Placement Units to reflect Class Counsel's assessment of the strength of Private Placement Class Members' claims compared to the claims of Secondary Market Class Members;
- (e) Authorized Claimants must provide documentary support for their claims, with the requirement to be interpreted equitably in keeping with the purpose of the Distribution Protocol;
- (f) compensation shall be paid to Authorized Claimants in Canadian currency;
- (g) if, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Authorized Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator shall, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. If, in the opinion of the Administrator, it is not feasible to reallocate any remaining balance among the Authorized Claimants in an equitable and economic fashion, such balance shall be distributed to the Law Foundation of British Columbia;
- (h) in order to seek compensation, a Class Member shall submit a completed Claim Form to the Administrator on or before the Claims Bar Deadline; and
- (i) the Administrator shall ensure that only claims for compensation in respect of Eligible Securities in the Claim Form are approved.

67. A Guide to the Distribution Protocol, to be posted on Class Counsel's website to assist Class Members with understanding the Distribution Protocol, is attached hereto as **Exhibit "H"**.

68. As of the date of this affidavit, no Class Member has submitted a comment on, or objection to, the Distribution Protocol, as they were permitted to under the terms of the First Order.

69. RicePoint has been appointed the Administrator with this Court's approval and is equipped to process claims in accordance with the Distribution Protocol.

First Notice and Response by Class Members

70. The terms of the First Notice were addressed in the Rosenbaum Affidavit at paragraphs 25-32. The opt-out procedure was addressed in the Rosenbaum Affidavit at paragraphs 33-37. The dissemination of the First Notice is addressed in paragraphs 9 to 11 above.

71. As of the date of this affidavit, no Class Member has submitted a comment on, or objection to, the Settlement Agreement, the Distribution Protocol or Class Counsel Fees, as they were permitted to under the terms of the First Order.

72. I understand from the affidavit of Ivan Bobanovic sworn March 14, 2022 that RicePoint has not received any opt out elections as of the date of that affidavit.

73. Class Counsel and/or RicePoint will advise the Court of any opt-outs or comments/objections that are received prior to the hearing on April 14, 2022.

The Second Notice

74. The Plaintiff and the Defendants have agreed on the manner of dissemination of, and the form and content of, the Second Notice (short-form and long-form), which were drafted to be as easy as possible for Class Members to read and understand, and with the intention that they would come to the attention of a substantial portion of the Class.

75. The Plan of Notice, short-form Second Notice and long-form Second Notice are attached as Schedules “D”, “G” and “H”, respectively, to the Settlement Agreement.

76. The Second Notice will provide: (i) notice of Settlement approval (if it is approved by the Court), and (ii) a reminder of the ongoing claims process, which was commenced concurrently with the issuance of the First Notice.

77. The agreed long-form Second Notice is extensive, providing notice of:

- (a) the Class definition;
- (b) the Claims Bar Deadline of July 21, 2022;
- (c) the approval of the Settlement Agreement;
- (d) the certification of the action;
- (e) the payment of Class Counsel’s fees and disbursements;
- (f) the payment of an honorarium to the Plaintiff;
- (g) Class Members’ entitlement to compensation, and that the Settlement represents the only means of compensation available to Class Members in respect of the claims raised in the Action;
- (h) where to access Settlement documents; and
- (i) the Administrator’s contact information.

78. The short-form Second Notice is a summary document that directs Class Members to the long-form Second Notice, which provides more detailed information on the Settlement and its approval by the Court. The last page of the long-form Second Notice will contain a toll-free

telephone number and a note that Class Members may contact Class Counsel or RicePoint with any inquiries.

79. Second Notice is designed to be less extensive and thus less expensive than First Notice. This is because First Notice provided Class Members with notice of all items they needed to be aware of to protect their rights, including steps to be taken to: (i) make a claim to participate in settlement benefits; (ii) opt-out of the action; and (ii) object or comment on the Settlement Agreement, Class Counsel's request for fees and disbursements and the Distribution Protocol.

80. As set out in the Plan of Notice, Second Notice will be disseminated as follows:

- (a) English and French language versions of the short-form Second Notice will be issued (with necessary formatting modifications) across Canada Newswire, a major business newswire in Canada;
- (b) English and French language versions of the short-form Second Notice will be sent to Institutional Shareholder Services Inc. (ISS) for publication through their platform;
- (c) electronic publication of the long-form Second Notice will occur in English and French on Class Counsel's website; and
- (d) Class Counsel shall mail or email the long-form Second Notice to those persons who have contacted us as of the publication date regarding this litigation and have provided us with their contact information.

81. Class Counsel shall also make a toll-free number and email address available to the public that will enable Class Members to obtain more information about the Settlement Agreement and to request that a copy of the long-form Second Notice be sent electronically or physically to them directly.

82. It is the view of Class Counsel that the contemplated manner of disseminating the Second Notice is consistent with the notice programs approved and implemented in many other similar cases in which Siskinds has been counsel. In our experience, the combination of direct and indirect methods of providing notice should cause the Second Notice to come to the attention of a significant portion of the Class.

Class Counsel Fee Approval

83. Class Counsel seeks approval of fees in the amount of C\$750,000 plus applicable taxes and reimbursement for disbursements incurred by Class Counsel in the amount of \$140,414.63 plus applicable taxes. The taxes on the fees and disbursements will be at the applicable HST (Ontario) or GST/PST (British Columbia) rates.

i. Retainer Agreements

84. Class Counsel's fee request is consistent with the retainer agreement entered with Mr. Haase on October 24, 2019. Based on the Settlement Amount (\$20 million or less) and because the recovery occurred prior to certification of the action and outside costs indemnification was not obtained, the agreement provides for a contingency fee of 30% of the Settlement Amount. In accordance with the provisions of the retainer agreement, Class Counsel are also seeking recovery

of their disbursements incurred since inception and taxes. The retainer agreement is attached as Exhibit A to Affidavit No 2 of Mr. Haase made November 22, 2021 in this proceeding.

ii. Risks Assumed by Class Counsel supporting the fee request

85. From the outset, Class Counsel agreed to pursue this action on a contingency fee basis, accepting responsibility for all costs and for seeking court approval for a fee if successful.

86. At the commencement of this action, Class Counsel was faced with the risks inherent to the prosecution of a complex securities class action. It was anticipated that:

- (a) there would be a significant recovery risk, irrespective of the merits of the action, due to Reliq's financial status and uncertainty with respect to available insurance. This meant that there was a very real risk, at the outset of the litigation, that Class Counsel would not be compensated for its time or reimbursed for money spent on disbursements;
- (b) this case would be hard fought by a defence firm that was an expert in the defence of securities cases;
- (c) there would be resistance to the certification application;
- (d) there would be resistance to the application for leave under Part 16.1 of the *Securities Act*. This would necessitate a detailed and likely expensive leave record funded by Class Counsel to establish the Plaintiff's reasonable possibility of success at trial, including substantial expert expenses;
- (e) there was likely to be multiple other hard-fought interlocutory applications as the action progressed;

- (f) if successful on certification and leave, following appeals, there would be production of a significant number of documents and likely weeks of examinations for discovery;
- (g) if the case did not settle, there would be a very lengthy trial with an uncertain outcome; and
- (h) if litigation funding was not secured (which it was not), the exposure to potential adverse costs award would be considerable.

iii. Class Counsel's efforts to date

87. Class Counsel has performed significant work on behalf of Class Members. We:

- (a) undertook a preliminary investigation of the allegations against the Defendants;
- (b) prepared the Notice of Civil Claim;
- (c) undertook further investigations and prepared voluminous materials for the application for certification of the action as a class proceeding and the application for leave under Part 16.1 of the *Securities Act*;
- (d) prepared materials for the application to add the Underwriters as defendants;
- (e) undertook extensive negotiations, including a mediation, which resulted in the Settlement Agreement; and
- (f) responded to numerous class member inquiries.

iv. Fees and disbursements financed to date

88. Up to March 14, 2022, Class Counsel has docketed fees of \$516,063.50 plus applicable taxes. During that same period, Class Counsel has financed disbursements of \$140,414.63 plus applicable taxes.

89. Up to March 15, 2022, Class Counsel devoted the following number of hours to pursuing this litigation at their usual rates (before taxes):

<u>LAWYER/CLERK</u>	<u>HOURS</u>	<u>HOURLY RATE</u>	<u>TOTAL</u>
Charles M. Wright – Year of Call 1995 (ON); 2021 (BC)	0.2	\$1,000.00	\$200.00
Dawn M. Sullivan – Year of Call 1999 (ON)	0.2	\$650.00	\$130.00
Michael Robb – Year of Call 2002 (ON)	2.5	\$750.00	\$1,875.00
	2.7	\$800.00	\$2,160.00
	19.7	\$850.00	\$16,745.00
	24.8	\$900.00	\$22,320.00
Daniel E.H. Bach – Year of Call 2006 (ON); 2008 (NY); 2021 (BC)	0.4	\$775.00	\$310.00
Anthony O’Brien – Year of Call 2008 (ON); 2006 (Australia); 2022 (BC)	19.1	\$500.00	\$9,550.00
	106	\$600.00	\$63,600.00
	154.1	\$650.00	\$100,165.00
	98.4	\$700.00	\$68,880.00
	11.5	\$700.00	\$8,050.00
Mathew Good - Year of Call 2011 (BC)	61.8	\$610.00	\$37,968.00
Nicholas Baker – Year of Call 2011 (ON)	1	\$400.00	\$400.00
	13.7	\$500.00	\$6,850.00
James E. Boyd, Year of Call 2019 (ON); 2022 (BC)	1.2	\$325.00	\$390.00
Garett M. Hunter – Year of Call 2017 (ON)	83.3	\$275.00	\$22,907.50
	117	\$325.00	\$38,025.00
	153.5	\$375.00	\$57,562.50
	31.4	\$425.00	\$13,345.00
	73.7	\$250.00	\$18,425.00

Jared S. Rosenbaum – Year of Call 2018 (ON)	36.6	\$325.00	\$11,895.00
	11.8	\$375.00	\$4,425.00
Katelyn N. Parry (Student-at-law)	8.7	\$175.00	\$1,522.50
Katherine Shapiro (Student-at-law)	7.4	\$110.00	\$814.00
Donna McEvoy (Law Clerk)	0.6	\$170.00	\$102.00
	13.3	\$200.00	\$2,660.00
	10.4	\$210.00	\$2,184.00
	6.7	\$220.00	\$1,474.00
Stacey O'Neill (Law Clerk)	0.7	\$200.00	\$140.00
Sylvia Flower (Law Clerk)	0.7	\$250.00	\$175.00
Britanny Basra (Law Clerk)	2.8	\$150.00	\$420.00
	0.6	\$160.00	\$96.00
Nicole Young (Law Clerk)	0.3	\$215.00	\$64.50
Michael McAlpine (Staff)	0.8	\$170.00	\$136.00
Christine Zweers (Staff)	0.2	\$175.00	\$35.00
Kitera O'Brien (Staff)	0.5	\$125.00	\$62.50
Total	1,078.3		\$516,063.50

90. The following chart summarizes the disbursements incurred by Class Counsel up to March 15, 2022 (before taxes):

Disbursement	Amount
Courier	\$15.75
Copies	\$168.75
Long Distance Charges	\$2.12
Postage	\$0.89
Research/Resource Material	\$203.68
Agent's Fees and Disbursements	\$1,741.68
Corporate Profile Search	\$21.50
Expert Reports	\$134,134.00
Mileage/Travel/Meals	\$145.26
Mediation/Arbitration Costs	\$3,500.00
Court Filing Fees	\$481.00
TOTAL	\$140,414.63

v. Anticipated fees and disbursements to be incurred

91. We estimate that we will spend time valued at approximately an additional \$50,000.00 to complete the administration of the Settlement, if the Settlement Agreement is approved by this Court. This additional time will be spent to:

- (a) prepare any supplementary materials for the hearing scheduled for April 14, 2022;
- (b) prepare and attend the hearing scheduled for April 14, 2022;
- (c) assist in implementation of Second Notice;
- (d) liaise with RicePoint to ensure the fair and efficient administration of the Settlement Agreement and Distribution Protocol; and
- (e) respond to inquiries from Class Members and their lawyers, if applicable, regarding the Settlement Agreement and the Distribution Protocol.

92. No additional fees are being or will be sought for this additional time. The proposed fees are sought on an 'all in' basis.

vi. No Class Member objects to the fee or disbursement request

93. The First Notice informed Class Members that Class Counsel would seek this Court's approval of legal fees not to exceed 30% of the Settlement Amount, plus disbursements not exceeding \$145,000.00 and applicable taxes.

94. The deadline to comment on or object to Class Counsel's fee request is March 31, 2022.

95. As of the date of this affidavit, no Class Member has submitted a comment on, or objection to, Class Counsel Fees, as they were permitted to under the terms of the First Order.

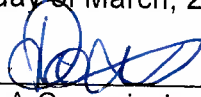
96. We will inform the Court of any comments or objections via a supplemental affidavit if any comments or objections are received.

Request for Honorarium

97. From the beginning of this litigation, Mr. Haase has had responsibility for instructing Class Counsel. He was briefed on various issues on an ongoing basis as the litigation progressed. His efforts included, among other things:

- (a) familiarizing himself with the issues to be decided by the Court;
- (b) discussing and executing the retainer agreement regarding Class Counsel's fees and disbursements;
- (c) reviewing draft pleadings;
- (d) assisting with the preparation of an affidavit in support of the application for certification and leave under Part 16.1 of the *Securities Act* and swearing that affidavit;
- (e) reviewing other materials filed in support of the certification and leave application prior to that material being filed;
- (f) reviewing the application to add the Underwriters as defendants;
- (g) reviewing the Defendants' responding certification and leave materials, as well as providing helpful comments;

This is Exhibit "A" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022



Court File No. **VLC-S-S-1913149**

No. _____
Vancouver Registry

In the Supreme Court of British Columbia

Between

KARL HAASE

Plaintiff

and

RELIQ HEALTH TECHNOLOGIES INC.,
LISA CROSSLEY, AMAN THINDAL, GIANCARLO DE LIO,
EUGENE BEUKMAN AND BRIAN STORSETH

Defendants

Brought under the *Class Proceedings Act*, RSBC 1996, c 50

NOTICE OF CIVIL CLAIM

This action has been started by the plaintiff for the relief set out in Part 2 below.

If you intend to respond to this action, you or your lawyer must

- (a) file a response to civil claim in Form 2 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim on the plaintiff.

If you intend to make a counterclaim, you or your lawyer must

- (a) file a response to civil claim in Form 2 and a counterclaim in Form 3 in the above-named registry of this court within the time for response to civil claim described below, and
- (b) serve a copy of the filed response to civil claim and counterclaim on the plaintiff and on any new parties named in the counterclaim.

JUDGMENT MAY BE PRONOUNCED AGAINST YOU IF YOU FAIL to file the response to civil claim within the time for response to civil claim described below.

Time for response to civil claim

A response to civil claim must be filed and served on the plaintiff,

- (a) if you were served with the notice of civil claim anywhere in Canada, within 21 days after that service,
- (b) if you were served with the notice of civil claim anywhere in the United States of America, within 35 days after that service,
- (c) if you were served with the notice of civil claim anywhere else, within 49 days after that service, or
- (d) if the time for response to civil claim has been set by order of the court, within that time.

CLAIM OF THE PLAINTIFF

PART 1: STATEMENT OF FACTS

Nature of the action

1. This proposed securities class action arises out of misrepresentations in Reliq's disclosure documents pertaining to the number of paying patients using its iUGO Platform and its related financial results.
2. The Plaintiff advances claims on behalf of both the Secondary Market Class Members and the Private Placement Class Members, all of whom acquired securities of Reliq following the release of documents by Reliq containing misrepresentations.
3. As a result of the Defendants' conduct, the Plaintiff and the Class Members have suffered loss and damage for which the Defendants are liable.

Definitions

4. In this Notice of Civil Claim, in addition to terms defined elsewhere herein, the following definitions apply:
 - (a) "**BCBCA**" means the *Business Corporations Act*, SBC 2002, c 57, as amended;
 - (b) "**BCSA**" means the *Securities Act*, RSBC 1996, c 418, as amended;
 - (c) "**Beukman**" means the Defendant, Eugene Beukman;
 - (d) "**CEO**" means Chief Executive Officer;
 - (e) "**CFO**" means Chief Financial Officer;
 - (f) "**CJPTA**" means the *Court Jurisdiction and Proceedings Transfer Act*, SBC 2003, c 28, as amended;

- (g) “**Class**” or “**Class Members**” means, collectively, the **Private Placement Class** and the **Secondary Market Class**;
- (h) “**CMS**” has the meaning given to such term in paragraph 8 hereof;
- (i) “**CPA**” means the *Class Proceedings Act*, RSBC 1996, c 50, as amended;
- (j) “**Crossley**” means the Defendant, Lisa Crossley;
- (k) “**CSA**” means the Canadian Securities Administrators;
- (l) “**Defendants**” means, collectively, **Reliq** and the **Individual Defendants**;
- (m) “**De Lio**” means the Defendant, Giancarlo De Lio;
- (n) “**Excluded Persons**” means (i) the **Defendants**; (ii) **Reliq**’s past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns; (iii) any member of the **Individual Defendants**’ families; and (iv) the **Private Placement Agents** and their past and present subsidiaries, affiliates, officers, directors, senior employees, partners, legal representatives, heirs, predecessors, successors and assigns;
- (o) “**FY 2018**” means the twelve month period ending June 30, 2018;
- (p) “**IAS 18**” means International Accounting Standard 18 — *Revenue*;
- (q) “**IFRS**” means International Financial Reporting Standards;
- (r) “**Impugned Core Documents**” means:
 - (i) **Reliq**’s **MD&A** for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;

- (ii) **Reliq's** interim financial statements for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
 - (iii) the **CEO** certification, signed by **Crossley**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
 - (iv) the **CFO** certification, signed by **Thindal**, for **Q2 2018** initially filed on **SEDAR** on February 28, 2018 and refiled on March 1, 2018;
 - (v) **Reliq's MD&A** for **Q3 2018** filed on **SEDAR** on May 30, 2018;
 - (vi) **Reliq's** interim financial statements for **Q3 2018** filed on **SEDAR** on May 30, 2018;
 - (vii) the **CEO** certification, signed by **Crossley**, for **Q3 2018** filed on **SEDAR** on May 30, 2018; and
 - (viii) the **CFO** certification, signed by **Thindal**, for **Q3 2018** filed on **SEDAR** on May 30, 2018;
- (s) **“Impugned Non-Core Documents”** means:
- (i) a **Reliq** news release filed on **SEDAR** on February 23, 2018 entitled “Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform”;
 - (ii) a **Reliq** news release filed on **SEDAR** on March 29, 2018 entitled “Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update”;
- and

- (iii) a **Reliq** news release filed on **SEDAR** on May 30, 2018 entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018”;
- (t) **“Impugned Private Placement Documents”** means, collectively:
 - (i) Terms of Offering;
 - (ii) a document containing information under the headings “Company Overview”, “The Opportunity”, “Recent News” and “Investor Highlights”; and
 - (iii) an Investor Presentation dated December 2017;
- (u) **“Impugned Secondary Market Documents”** means the **Impugned Core Documents** and the **Impugned Non-Core Documents**;
- (v) **“Individual Defendants”** means, collectively, **Crossley, Thindal, De Lio, Beukman and Storseth**;
- (w) **“iUGO Platform”** means **Reliq**’s proprietary platform for chronic disease management and remote patient monitoring;
- (x) **“MD&A”** means management’s discussion and analysis;
- (y) **“Other Canadian Securities Legislation”** means, collectively, the *Securities Act*, RSA 2000, c S-4, as amended; *The Securities Act*, CCSM c S50, as amended; the *Securities Act*, SNB 2004, c S-5.5, as amended; the *Securities Act*, RSNL 1990, c S-13, as amended; the *Securities Act*, SNWT 2008, c 10, as amended; the *Securities Act*, RSNS 1989, c 418, as amended; the *Securities Act*, S Nu 2008, c 12, as

amended; the *Securities Act*, RSO 1990, c S.5, as amended; the *Securities Act*, RSPEI 1988, c S-3.1, as amended; the *Securities Act*, RSQ c V-1.1, as amended; *The Securities Act*, 1988, SS 1988-89, c S-42.2, as amended; and the *Securities Act*, SY 2007, c 16, as amended;

- (z) “**Plaintiff**” means the Plaintiff, Karl Haase;
- (aa) “**Private Placement**” means **Reliq**’s private placement of 8,928,571 **Private Placement Units** at a price of \$1.12 per **Private Placement Unit** that closed on or around January 9, 2018;
- (bb) “**Private Placement Agents**” means the agents for the **Private Placement**, Canaccord Genuity Corp. and Gravitas Securities Inc.;
- (cc) “**Private Placement Class**” or “**Private Placement Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Private Placement Units** in the **Private Placement**, other than the **Excluded Persons**;
- (dd) “**Private Placement Unit**” means a unit sold in the **Private Placement** consisting of one common share of **Reliq** and one-half of a common share purchase warrant (with each common share purchase warrant exercisable to acquire one common share of **Reliq** at an exercise price of \$1.75 per common share);
- (ee) “**Q2 2018**” means the three month period ending December 31, 2017;
- (ff) “**Q3 2018**” means the three month period ending March 31, 2018;
- (gg) “**Q4 2018**” means the three month period ending June 30, 2018;
- (hh) “**Q1 2019**” means the three month period ending September 30, 2018;

- (ii) “**Q2 2019**” means the three month period ending December 31, 2018;
- (jj) “**Q3 2019**” means the three month period ending March 31, 2019;
- (kk) “**Reliq**” means the Defendant, Reliq Health Technologies Inc.;
- (ll) “**Secondary Market Class**” and “**Secondary Market Class Members**” means all persons and entities, wherever they may reside or be domiciled, who acquired **Reliq** securities during the **Secondary Market Class Period**, other than the **Excluded Persons**;
- (mm) “**Secondary Market Class Period**” means the period from and including February 23, 2018 to and including October 15, 2018;
- (nn) “**SEDAR**” means the system for electronic document analysis and retrieval of the **CSA**;
- (oo) “**Storseth**” means the Defendant, Brian Storseth;
- (pp) “**Thindal**” means the Defendant, Aman Thindal; and
- (qq) “**TSXV**” means the TSX Venture Exchange.

Overview

5. Reliq is a healthcare technology company. Its business and operations are focused on the development and deployment of the iUGO Platform. The iUGO Platform allows health care providers and others to remotely monitor patients to improve care outcomes and reduce healthcare costs.

6. Reliq's customers are healthcare providers, such as health care agencies and accountable care organizations, which deploy the iUGO Platform to their patient networks. During the relevant period, Reliq's main customers were in Texas.
7. The success of Reliq's business is critically dependent on the number of paying patients using the iUGO Platform. Reliq disclosed that it charged \$50 to \$200 per month per patient using the iUGO Platform, resulting in a recurring or ongoing stable stream of revenue to Reliq. As the number of patients using the iUGO Platform increased, the amount of the recurring revenue would correspondingly increase.
8. The monthly fee per patient was to be paid by payors such as the U.S. Centers for Medicaid and Medicare Services ("CMS"), which meant that there was no direct cost to Reliq's customers or their patients.
9. In light of Reliq's business model, the company's disclosures concerning the number of patients using the iUGO Platform were material to the Class Members. During the Secondary Market Class Period, Reliq heavily touted the number of patients that it had "onboarded" on its iUGO Platform (also referred to as patients "enrolled" or "live" on the iUGO Platform, among other descriptors), the rate of onboarding and the recurring monthly revenue generated from the onboarded patients. For instance, at the start of the Secondary Market Class Period, on February 23, 2018, Reliq announced that it had "10,000 patients live" on its iUGO Platform. On March 29, 2018, Reliq announced that it had "onboarded over 12,000 patients" to its iUGO Platform, with 2,000 additional patients being added per month.

10. The terms “onboarded”, “live”, “enrolled” and similar terms meant paying patients using the iUGO Platform. Reliq’s own disclosure documents make that clear:
 - (a) a news release issued by Reliq on October 5, 2017 stated that Reliq “is pleased to announce that it now has 1,000 ***paid*** subscribers” and also that “we now have 1,000 patients ***live*** on our platform” (emphasis added);
 - (b) a news release issued by Reliq on November 16, 2017 stated that Reliq “is pleased to announce that it now has over 2,000 ***paid*** subscribers” and also that “we now have over 2,000 patients ***live*** on our iUGO Care platform” (emphasis added);
 - (c) a news release issued by Reliq on November 30, 2017 stated that Reliq “now has over 4,000 ***paid*** subscribers” and also that “we now have over 4,000 patients ***live*** on our iUGO Care platform” (emphasis added); and
 - (d) a news release issued by Reliq on January 11, 2018 stated that “it closed 2017 with over 6,000 ***paid*** subscribers using its iUGO Care chronic care management, remote patient monitoring and telemedicine platform, representing recurring monthly revenue of over US\$300,000/month” and also that “we now have over 6,000 patients ***live*** on our iUGO Care platform” (emphasis added).
11. Reliq recorded substantial quarterly revenues and receivables in its Q2 2018 (quarter ended December 31, 2017) and Q3 2018 (quarter ended March 31, 2018) interim financial statements that purported to reflect these significant onboarded patient figures.
12. The Defendants disseminated this success story to the market and Reliq’s share price rose accordingly. However, the story being conveyed to the market was replete with misrepresentations. The truth was belatedly revealed in a Reliq news release issued on

October 16, 2018, in which Reliq announced that it would be restating financial information for Q3 2018 previously released on May 30, 2018, including Reliq's revenue for that period. Reliq disclosed that a review had been conducted by its auditor and Audit Committee, which led to the conclusion that "the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients' issues with securing reimbursement from the payor." Because of the recurring nature of Reliq's month-to-month iUGO Platform patient base and the recurring revenues therefrom, the disclosure with respect to Q3 2018 also revealed misrepresentations in Reliq's Q2 2018 revenues.

13. In the October 16, 2018 news release, Reliq also revealed that it would not be reporting any revenue for Q4 2018 due to the revenue collection issues, suggesting that it was not probable that Reliq would collect revenue in respect of any patients that Reliq claimed had been onboarded to the iUGO Platform.
14. Reliq subsequently did not record any revenue for Q1 2019, recorded only a small amount of revenue in Q2 2019 and disclosed that only a fraction of the previously disclosed number of onboarded patients were paying clients. In its Q2 2019 MD&A released on March 1, 2019, Reliq admitted that as of December 31, 2018 there were only 2,713 patients on the iUGO Platform who were eligible for reimbursement for their use of the iUGO Platform.
15. The October 16, 2018 corrective disclosure revealed the truth about the following misrepresentations that were made in the Impugned Private Placement Documents and/or the Impugned Secondary Market Documents as further particularized herein:
 - (a) the material overstatement of the number of patients that had been onboarded to the iUGO Platform and would be onboarded to the iUGO Platform in the future;

- (b) Reliq's statements as to the number of patients using the iUGO Platform, the rate at which new patients were being added to the iUGO Platform and the recurring revenue from such patients were false or misleading as a result of the failure to disclose the following material facts when making those statements:
 - (i) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
 - (ii) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
 - (iii) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
 - (iv) that there were material problems with the claims submission process for reimbursement from CMS or other payors;
- (c) the representation that Reliq's Q2 2018 and Q3 2018 financial statements were prepared in accordance with IFRS was materially false or misleading;
- (d) the material misstatement of financial information in Reliq's Q2 2018 and Q3 2018 financial statements; and

- (e) Reliq's statement that it evaluated the collectability of trade accounts for new and existing customers "in order to mitigate any possible credit losses" was materially false or misleading.
16. As a result of the Defendants' misrepresentations, the Plaintiff and the other Class Members have suffered significant loss and damage. The Plaintiff has brought this action on his own behalf and on behalf of the Class to recover compensation for the loss and damage that they have suffered as a result of the Defendants' misrepresentations.

The Parties

The Plaintiff

17. The Plaintiff resides in the Province of British Columbia. He acquired 2,780 shares of Reliq during the Secondary Market Class Period. He disposed of those shares after the Secondary Market Class Period at a substantial loss.

The Defendants

18. Reliq is a company incorporated under the *BCBCA*. Its registered and records office is located in Vancouver, British Columbia. At all material times, Reliq's head office was located in Vancouver, British Columbia.
19. At all material times, Reliq was a reporting issuer in British Columbia.
20. At all material times, Reliq was a responsible issuer within the meaning of the *BCSA*.
21. At all material times, Reliq's common shares were listed for trading on the TSXV under the ticker symbol "RHT".

22. Reliq's common shares are also listed for trading on alternative trading venues in Canada, the United States of America and the Federal Republic of Germany.
23. At all material times, Crossley was Reliq's CEO, a director of Reliq, a member of Reliq's Audit Committee and the Chair of Reliq's Corporate Governance Committee.
24. At all material times, Thindal was Reliq's CFO and corporate secretary, a director of Reliq, and a member of Reliq's Corporate Governance Committee. He ceased to hold those positions on or around November 30, 2018.
25. At all material times, De Lio was Reliq's Chief Visionary Officer. He ceased to hold that position on or around October 24, 2018.
26. At all material times, Beukman was a director of Reliq, the Chair of Reliq's Audit Committee and a member of Reliq's Corporate Governance Committee.
27. At all material times, Storseth was a director of Reliq and a member of Reliq's Audit Committee.

The Defendants' Secondary Market Disclosure Obligations

28. At all material times, Reliq was, by its own election, a reporting issuer in British Columbia. It elected to become a reporting issuer in order to render its securities publicly tradable. Doing so made them a more attractive investment and provided Reliq with broader access to capital.
29. Reliq was required to issue and file on SEDAR:
 - (a) within 60 days of the end of each quarter, interim financial statements prepared in accordance with IFRS;

- (b) within 120 days of the end of the fiscal year, annual financial statements prepared in accordance with IFRS; and
 - (c) contemporaneously with each of the above, a MD&A of each of the above financial statements. MD&As are a narrative explanation of how the company performed during the period covered by the financial statements, and of the company's financial condition and future prospects. The MD&A must discuss important trends and risks that have affected the financial statements, and trends and risks that are reasonably likely to affect them in future.
- 30. In preparing its financial statements, IAS 18 required Reliq to recognize revenue from contracts with customers only when, among other things, it was probable that the economic benefits associated with the contracts would flow to Reliq and the amount of the revenue could be measured reliably. Reliq represented in its financial statements and MD&As released during the Secondary Market Class Period that it was complying with IFRS, including IAS 18.
- 31. The Individual Defendants knew, from the time that they accepted their positions with Reliq, that Reliq was a reporting issuer and that they would have direct responsibility for ensuring the accuracy of Reliq's disclosure documents.
- 32. The *BCSA*, the Other Canadian Securities Legislation and certain instruments and policies promulgated thereunder, and Reliq's own internal policies imposed specific obligations on the Individual Defendants in the preparation of Reliq's continuous disclosure documents.

33. National Instrument 51-102 – *Continuous Disclosure Obligations* required the board of directors of a reporting issuer to approve each set of financial statements and accompanying MD&A released by an issuer prior to the release of those documents.
34. Reliq's Audit Committee charter made members of the committee responsible for: assessing areas of potential financial risk to Reliq and taking appropriate measures; ensuring that Reliq's financial statements present Reliq's financial position and performance in accordance with IFRS; reviewing Reliq's financial statements and MD&A prior to filing; and ensuring that appropriate information concerning the financial position and performance of Reliq was disseminated to the public in a timely manner. The Defendants Beukman, Storseth and Crossley were all members of the Audit Committee during the material time.
35. Reliq also disclosed that its board of directors was responsible for ensuring that Reliq complied with applicable legal and regulatory requirements, such as those of relevant securities commissions and stock exchanges.
36. Pursuant to the obligations above, the Defendants undertook to provide the Impugned Secondary Market Documents to the Secondary Market Class Members in a manner that contained all material information and were free of misrepresentations, with the intention, knowledge and understanding that the Secondary Market Class Members would consider and rely upon the Impugned Secondary Market Documents in making a decision to invest in Reliq's shares. By virtue of the existence of the obligations set out above, the Secondary Market Class Members reasonably relied on the Defendants' undertaking of responsibility with respect to the Impugned Secondary Market Documents.

37. The same or similar obligations existed with respect to the Impugned Private Placement Documents provided to the Private Placement Class Members.

Misrepresentations in the Impugned Secondary Market Documents

News Release – February 23, 2018

38. On February 23, 2018, Reliq issued a news release entitled “Reliq Health Technologies Named #1 2018 TSX Venture 50TM Performer, and Reaches 10,000 Patients Live on Its iUGO Care Platform”.
39. The news release stated that Reliq “now has 10,000 patients live on its iUGO Care chronic care management, remote patient monitoring and telemedicine platform.”
40. That statement was a misrepresentation because “10,000 patients live” was reasonably intended to mean 10,000 paying patients, and Reliq did not have 10,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

41. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

Q2 2018 Interim Financial Statements and MD&A – February 28, 2018

42. On February 28, 2018 (refiled March 1, 2018), Reliq reported its results for Q2 2018, being the period from October 1, 2017 to December 31, 2017.

43. In its interim financial statements and/or MD&A for Q2 2018, Reliq stated that it had sales revenue of \$878,205 for Q2 2018 and sales revenue of \$1,137,311 for the first six months of FY 2018, and that it had receivables of \$861,129 as of the end of Q2 2018. These statements were misrepresentations because Reliq's revenues and receivables were

materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.

44. Further or in the alternative, in the interim financial statements and/or MD&A for Q2 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
45. Further or in the alternative, the MD&A for Q2 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
46. Further or in the alternative, in the Q2 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
47. Further or in the alternative, the interim financial statements and/or MD&A for Q2 2018 contained a misrepresentation because they failed to disclose the following material facts

that were necessary to prevent the statements pleaded in paragraphs 43 to 46 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

48. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q2 2018 interim financial statements and MD&A. They each certified that:

Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **second** interim period ended **December 31, 2017**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

49. These statements were misrepresentations because the Q2 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

News Release – March 29, 2018

50. On March 29, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces 12,000 Patients Now Enrolled on its iUGO Care Platform, Hiring of New Sales Team and Provides Corporate Update”.
51. The news release stated that Reliq “has now onboarded over 12,000 patients and is continuing to add at least 2,000 new patients per month to the platform.”
52. The statements were misrepresentations because “12,000 Patients Now Enrolled” and “onboarded over 12,000 patients” were reasonably intended to mean 12,000 paying patients and Reliq did not have 12,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.

53. Further or in the alternative, the statements were materially misleading because “2,000 new patients per month” was reasonably intended to mean 2,000 new paying patients per month and Reliq could not reasonably expect to onboard 2,000 new paying patients per month, or alternatively could not reasonably expect to generate revenue associated with 2,000 new patients per month.
54. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statements from being false or misleading in the circumstances in which they were made:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
 - (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
 - (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
 - (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.
55. The news release also stated that Reliq had implemented automated claims submission to Medicare, Medicaid and private insurers. That statement was a misrepresentation because

Reliq was using manual claims submission and it was experiencing material problems with that manual claims submission process.

Q3 2018 Interim Financial Statements and MD&A – May 30, 2018

56. On May 30, 2018, Reliq reported its results for Q3 2018, being the period from January 1, 2018 to March 31, 2018.
57. In its interim financial statements and/or MD&A for Q3 2018, Reliq stated that it had sales revenue of \$1,132,170 for Q3 2018 and sales revenue of \$2,269,481 for the first nine months of FY 2018, and that it had receivables of \$1,993,299 as of the end of Q3 2018. These statements were misrepresentations because Reliq's revenues and receivables were materially overstated. It was not probable at the relevant time that Reliq would receive the economic benefits from the customer contracts and it was not probable that Reliq would be able to collect the receivables recorded.
58. Further or in the alternative, in the interim financial statements and/or MD&A for Q3 2018, Reliq represented that the financial statements had been prepared in accordance with IFRS. That statement was a misrepresentation because the financial statements had not been prepared in accordance with IFRS and, in particular, the revenue recognized in the financial statements was not in accordance with IAS 18.
59. Further or in the alternative, the MD&A for Q3 2018 stated that:

During the period ended March 31, 2018 the Company re-evaluated its revenue recognition policy with guidance from ASC 606 and IFRS 15: recognizing revenue as each performance obligation is satisfied. In an effort to ensure accurate disclosure regarding the amount of revenue that can be reasonably measured, the Company has taken a conservative approach and determined that monthly revenue will be reported in the month subsequent to which it is earned (May 2018 revenue will be reported in June 2018). Given that some of the Company's services (e.g. telemedicine) may be billed based on usage, 1-2 weeks will be required after a month ends in order to reconcile usage for the month and bill the client accordingly. Revenues from any given month cannot be confirmed and reported until the following month, and as such will be

recognized accordingly going forward. For the period ended March 31, 2018 there will be only two full months of revenue recognized (January and February 2018), but in future all quarters will report revenue for three full months.

60. That statement was a misrepresentation because Reliq was not taking a “conservative approach” to revenue recognition. In fact, Reliq’s approach to revenue recognition was not in accordance with IFRS and, in particular, was not in accordance with IAS 18.
61. Further or in the alternative, the MD&A for Q3 2018 contained a misrepresentation because it failed to disclose that Reliq would not be paid, or that there was a material risk that Reliq would not be paid, in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement.
62. Further or in the alternative, in the Q3 2018 interim financial statements, Reliq stated that “[t]he Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers’ financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.” This statement constituted a misrepresentation because Reliq did not review at all, or alternatively did not conduct a reasonable review of, the collectability of its trade accounts receivable in order to mitigate any possible credit losses.
63. Further or in the alternative, the interim financial statements and/or MD&A for Q3 2018 contained a misrepresentation because they failed to disclose the following material facts

that were necessary to prevent the statements pleaded in paragraphs 57 to 62 from being false or misleading in the circumstances in which they were made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

64. Crossley, in her role as CEO, and Thindal in his role as CFO, certified the Q3 2018 interim financial statements and MD&A. They each certified that:

Review: I have reviewed the interim financial report and interim MD&A (together, the “interim filings”) of **Reliq Health Technologies Inc.** (the “Issuer”) for the **third** interim period ended **March 31, 2018**.

2. **No misrepresentations:** Based on my knowledge, having exercised reasonable diligence, the interim filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, with respect to the period covered by the interim filings.

3. **Fair presentation:** Based on my knowledge, having exercised reasonable diligence, the interim financial report together with the other financial information included in the interim

filings fairly present in all material respects the financial condition, financial performance and cash flows of the Issuer, as of the date of and for the periods presented in the interim filings.

65. These statements were misrepresentations because the Q3 2018 interim financial statements and MD&A contained the misrepresentations as pleaded herein, and the documents did not fairly present in all material respects the financial condition, financial performance and cash flows of Reliq.

News Release – May 30, 2018

66. On May 30, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Agreement with CareOneTeam to Accelerate Onboarding of Patients – Company Maintains Guidance for 2018.”
67. The news release confirmed Reliq’s guidance for 2018. The guidance was that Reliq would have 30,000 patients onboarded to the iUGO Platform by the end of 2018.
68. The news release contained a misrepresentation because 30,000 onboarded patients was reasonably intended to mean 30,000 paying patients, and Reliq could not reasonably expect to have, by the end of 2018, 30,000 paying patients using the iUGO Platform. In fact, Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. Alternatively, there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform, and Reliq was not entitled to payment from its clients if patients were ineligible for reimbursement. The Defendants had no reasonable basis for the guidance.

69. Further or in the alternative, the news release contained a misrepresentation because it failed to disclose the following material facts that were necessary to prevent the above statement from being false or misleading in the circumstances in which it was made:

- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;
- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

Misrepresentations in the Impugned Private Placement Documents

70. The Private Placement Class Members were provided with a copy of the Impugned Private Placement Documents prior to the closing of the Private Placement on or around January 9, 2018.

71. In the Impugned Private Placement Documents, Reliq directly, or indirectly through the Private Placement Agents, represented that:
- (a) as of November 2017, Reliq had 4,000 paid subscribers using the iUGO Platform, representing recurring monthly revenue of \$200,000;
 - (b) Reliq expected to enroll 1,000 new patients per month through 2018, with 40,000 patients under contract in Texas, representing recurring annual revenue of US\$26 million at full deployment;
 - (c) as of December 2017, Reliq had revenue of US\$300,000 per month; and
 - (d) in 2017, Reliq had 6,000 patients using the iUGO Platform.
72. These statements were materially false or misleading because Reliq did not have 4,000 paid subscribers or US\$200,000 in recurring monthly revenue in November of 2017, Reliq did not have US\$300,000 in recurring monthly revenue as of December 2017, and Reliq did not have 6,000 patients using the iUGO Platform in 2017. The statements were also materially misleading because Reliq could not reasonably expect to onboard 1,000 new patients per month, or alternatively could not reasonably expect to generate revenue associated with 1,000 new patients per month. Any references to patient or subscriber numbers were reasonably intended to mean patients in respect of whom Reliq would be paid.
73. Further or in the alternative, the Impugned Private Placement Documents were materially false or misleading because they failed to disclose the following:
- (a) that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for

using the iUGO Platform or, alternatively, that there was a material risk that Reliq would not be paid in respect of a material number of patients because those patients were not eligible for reimbursement from CMS or other payors for using the iUGO Platform;

- (b) that Reliq did not screen new or existing patients for eligibility for reimbursement from CMS or other payors;
- (c) that Reliq was not entitled to payment from its clients (and such clients did not pay) if patients were ineligible for reimbursement from CMS or other payors; and
- (d) that there were material problems with the claims submission process for reimbursement from CMS or other payors.

The Truth is Revealed

74. At approximately 8:00am EST on October 16, 2018, Reliq issued a news release entitled “Reliq Health Technologies Announces Quarterly Reporting Call and Plans to Restate Financials due to Revenue Collection Issues”. In that news release, Reliq disclosed that it had decided to restate certain financial information reported for Q3 2018. Reliq stated that the “decision to restate followed a review conducted by the Company’s auditor and Audit Committee, wherein it was determined that the timing and certainty of receiving the revenue invoiced to clients is substantially unclear, due to clients’ issues with securing reimbursement from the payor.” Reliq described the proposed changes to the previously released financial information as “material changes”. Reliq also stated that no revenue would be reported for Q4 2018 until the revenue collection issues were resolved.

75. The decision to restate is an express admission that the previously issued financial statements were materially incorrect at the time they were issued.
76. The news release revealed revenue collection issues in Southern Texas due to the ineligibility for reimbursement of the patients onboarded to the iUGO Platform.
77. The announced decision to restate its Q3 2018 financial statements due to the revenue collection issues revealed that revenues and receivables were overstated for that quarter. Since Reliq's revenue model was based on a recurring client base and corresponding recurring revenue, the news release revealed that Q2 2018 revenues and receivables were also overstated.
78. It further revealed that Reliq did not have appropriate eligibility screening tools to determine that Reliq would be able to collect revenue in respect of patients onboarded to the iUGO Platform. The news release also disclosed that Reliq was having problems with the manual claims process.
79. Lastly, the news release revealed that Reliq would not be recording any revenue for Q4 2018 until the revenue collection issues were resolved.
80. Following these revelations, the price of Reliq's shares declined by approximately 58% on abnormally high trading volume, from \$0.75 at the close of trading on October 15, 2018 to \$0.315 at the close of trading on October 16, 2018.

Subsequent Events

81. On October 29, 2018, Reliq released its Q4 2018 and FY 2018 financial results. Instead of restating previously recorded revenues as announced on October 16, 2018, Reliq recognized a bad debt expense and recorded a full provision on its trade accounts receivable

of \$1,137,170 in Q4 2018. The amount of the bad debt expense and provision on trade accounts receivable recorded in Q4 2018 (\$1,137,170) was almost identical to the amount of revenue recorded in Q3 2018 (\$1,132,170) and the increase in receivables from Q2 2018 to Q3 2018 (\$1,132,170).

82. But for a transaction that was undertaken sometime between March 31, 2018 (the end of Q3 2018) and May 30, 2018 (the date of release of the Q3 2018 financial statements), pursuant to which Reliq purported to collect \$592,263 on its accounts receivable, Reliq would also have recorded a full provision in Q4 2018 on the amount by which its trade accounts receivable increased during Q2 2018. Reliq did not collect \$592,263 in cash between March 31, 2018 and May 30, 2018. Instead, Reliq caused one of its customers to issue an invoice to Reliq for services that were never actually provided by the customer to Reliq, so that Reliq could set-off the payable to that customer under the invoice against the receivable from that customer.
83. Reliq did not record any revenue for Q4 2018.
84. In a conference call held on October 30, 2018 to discuss the Q4 2018 and FY 2018 results, Crossley stated that “we had to build some pre-screening tools that will allow us to really understand eligibility before patients are onboarded and then insured through an electronic claims submission process that when claims go in, we provided all of the necessary information; and so our CIO has been working on actually building some of those tools from the scratch.” Crossley also stated that “any failures here are my responsibility, and I take full responsibility for the company’s struggles over the last two quarters”.

85. On November 29, 2018, Reliq released its Q1 2019 financial results. Reliq recorded no revenue for the quarter “due to the timing and uncertainty of receiving revenue invoiced to clients”.
86. On February 26, 2019, Reliq disclosed that it was a party to litigation in various courts, including in Texas and Ontario, with former employees and related corporate entities pertaining to matters that led to the restatement of previously recorded revenues announced in the October 16, 2018 news release. In a court filing by Reliq in the Texas litigation, Reliq admitted that, in March and April of 2018, it became apparent that there were issues with the claims submission process for many of the patients of one of Reliq’s key customers, Paz Home Health. Crossley also signed a sworn declaration in which she stated that, on or around April 13, 2018, she was told by De Lio (Chief Visionary Officer) that “only a few hundred claims [for iUGO Platform patient reimbursement and thus payment to Reliq] had been successfully processed to date because of various issues around the claims submission process and patient pre-screening for eligibility.”
87. On March 1, 2019, Reliq released its Q2 2019 financial results. Reliq recorded a small amount of revenue (\$20,850) for the quarter. In its Q2 2019 MD&A, Reliq disclosed that in 2019 it had only 2,713 patients on its iUGO Platform that were eligible for reimbursement.
88. On May 1, 2019, Reliq issued a news release by way of “clarification” of the disclosure made on October 16, 2018 “as a result of a review by the TSX Venture Exchange”. In that news release, Reliq purported to explain why the reported number of onboarded patients had decreased so dramatically from the number of 12,000 or more patients reported as of March 31, 2018. Reliq further disclosed several changes to its internal processes and

controls to ensure that problems with eligibility and claims submissions would not impact Reliq's revenue collection in the future.

PART 2: RELIEF SOUGHT

89. An order granting leave to proceed pursuant to section 140.8 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
90. An order certifying this action as a class proceeding and appointing the Plaintiff as the representative plaintiff for the Class.
91. A declaration that the Impugned Secondary Market Documents contained one or more misrepresentations at common law and within the meaning of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
92. A declaration that the Impugned Private Placement Documents contained one or more misrepresentations at common law.
93. A declaration that the Defendants or one of them made the misrepresentations.
94. A declaration that Reliq was unjustly enriched.
95. A declaration that Reliq is vicariously liable for the acts and/or omissions of the Individual Defendants and, as may be applicable, of its other officers, directors, employees or agents.
96. General damages assessed in accordance with section 140.5 of the *BCSA* and the Other Canadian Securities Legislation (if necessary).
97. General and special damages for the tort of negligent misrepresentation.

98. A monetary award, constructive trust, accounting or such other remedy as restitution for the unjust enrichment of Reliq.
99. Interest under the *Court Order Interest Act*, RSBC 1996, c 79.
100. Costs for the administration of any court award or judgment obtained in this action.
101. Such further and other relief as this Honourable Court may deem just.

PART 3: LEGAL BASIS

Statutes Relied Upon

102. The Plaintiff pleads and relies on:
 - (a) the *CPA*;
 - (b) the *BCSA*;
 - (c) the Other Canadian Securities Legislation; and
 - (d) the *CJPTA*.

Statutory Secondary Market Liability

103. On behalf of the Secondary Market Class Members, the Plaintiff pleads the right of action found in Part 16.1 of the *BCSA* against the Defendants for the Impugned Secondary Market Documents, subject to leave being granted under section 140.8 of the *BCSA* by way of application under Supreme Court Civil Rule 1-2(4) (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

104. Each of the Impugned Secondary Market Documents is a “document” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
105. At all material times, Reliq was a “responsible issuer” within the meaning of Part 16.1 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
106. The Impugned Secondary Market Documents contained the misrepresentations particularized herein, which are misrepresentations for the purposes of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).
107. The Individual Defendants were officers and/or directors of Reliq at the time that the Impugned Secondary Market Documents were released. As officers and/or directors of Reliq, the Individual Defendants authorized, permitted or acquiesced in the release of the Impugned Secondary Market Documents.
108. The Defendants knew, at the time that the Impugned Non-Core Documents were released, that they contained a misrepresentation; or alternatively, at or before the time that they were released, the Defendants deliberately avoided acquiring knowledge that they contained a misrepresentation; or in the further alternative, the Defendants were, through action or failure to act, guilty of gross misconduct in connection with the misrepresentations in the Impugned Non-Core Documents.
109. The Plaintiff and the other Secondary Market Class Members who purchased securities of Reliq in the secondary market during the Secondary Market Class Period are entitled to

damages assessed in accordance with section 140.5 of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation).

110. The Individual Defendants authorized, permitted or acquiesced in the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations, and/or influenced the making of the misrepresentations in the Impugned Secondary Market Documents while knowing they contained misrepresentations. Accordingly, pursuant to sections 140.6(2) and (3) and 140.7(2) of the *BCSA* (and, if necessary, the equivalent sections of the Other Canadian Securities Legislation), the Individual Defendants are jointly and severally liable for damages and the liability limits of the Individual Defendants do not apply.

Negligent Misrepresentation

Secondary Market Class Members

111. On behalf of the Secondary Market Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Secondary Market Documents.
112. The Impugned Secondary Market Documents were prepared and disseminated for the purpose of providing material information and inducing Secondary Market Class Members to purchase Reliq shares.
113. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Secondary Market Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Class Members would rely reasonably and to their detriment upon the Impugned Secondary Market Documents in making the decision to purchase Reliq shares.

114. The Defendants further knew and intended that the information contained in the Impugned Secondary Market Documents would be incorporated into the price of Reliq's publicly traded shares such that the trading price of those shares would at all times reflect the information contained in the Impugned Secondary Market Documents.
115. The Defendants had responsibility for the preparation of the Impugned Secondary Market Documents and undertook to do so for the benefit of, and to be relied upon by, Secondary Market Class Members.
116. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Secondary Market Documents fairly and accurately disclosed all material information about Reliq.
117. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Secondary Market Documents did not contain the misrepresentations particularized herein.
118. Throughout the Secondary Market Class Period, the Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
119. The Secondary Market Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase Reliq's shares and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
120. Alternatively, the Class Members relied upon the misrepresentations by the act of purchasing Reliq's shares in an efficient market that promptly incorporated into the price of those shares all publicly available material information regarding the shares of Reliq.

As a result, the misrepresentations caused the price of Reliq's shares to trade at artificially inflated prices during the Secondary Market Class Period, thus directly resulting in damage to the Plaintiff and the other Secondary Market Class Members when the misrepresentations were publicly corrected by the October 16, 2018 news release.

121. The Defendants are jointly and severally liable for the loss and damage suffered by the Secondary Market Class Members.

Private Placement Class Members

122. On behalf of the Private Placement Class Members, the Plaintiff pleads negligent misrepresentation against the Defendants for the Impugned Private Placement Documents.
123. The Impugned Private Placement Documents were prepared and disseminated for the purpose of providing material information and inducing Private Placement Class Members to purchase the Private Placement Units.
124. The Defendants undertook, at all material times, to prepare and disseminate the Impugned Private Placement Documents with reasonable care for the aforementioned purpose. The Defendants intended and were aware that Private Placement Class Members would rely reasonably and to their detriment upon the Impugned Private Placement Documents in making the decision to purchase Private Placement Units.
125. The Defendants had responsibility for the preparation of the Impugned Private Placement Documents and undertook to do so for the benefit of, and to be relied upon by, the Private Placement Class Members.

126. The Defendants, therefore, had a duty of care at common law to exercise due care and diligence to ensure that the Impugned Private Placement Documents fairly and accurately disclosed all material information about Reliq.
127. The Defendants breached that duty by failing to take reasonable or any steps to ensure that the Impugned Private Placement Documents did not contain the misrepresentations particularized herein.
128. The Defendants had exclusive access to information about Reliq's business and operations. As such, they were the primary source of information with respect to Reliq's business and operations.
129. The Private Placement Class Members directly or indirectly relied upon the misrepresentations in making a decision to purchase the Private Placement Units and suffered damage when the misrepresentations were publicly corrected by the October 16, 2018 news release.
130. The Defendants are jointly and severally liable for the loss and damage suffered by the Private Placement Class Members.

Unjust Enrichment

131. On behalf of the Private Placement Class Members, the Plaintiff pleads unjust enrichment against Reliq.
132. Reliq was enriched by, and the Private Placement Class Members suffered a corresponding deprivation of:
 - (a) the full proceeds of the Private Placement; or

(b) alternatively, an amount equivalent to the difference between the price at which the Private Placement Units were sold in the Private Placement and the price at which the Private Placement Units would have been sold in the Private Placement had the misrepresentations particularized herein not been made, multiplied by the number of Private Placement Units that were sold in the Private Placement.

133. There is no juristic reason for the enrichment of Reliq. The proceeds of the Private Placement were received by Reliq as a result of its own wrongful and unlawful acts. The Impugned Private Placement Documents contained misrepresentations, as particularized herein, in violation of Reliq's duties, and Reliq breached section 57(a) of the *BCSA* and section 380(2) of the *Criminal Code*, RSC 1985, c C-46. There is no contract, disposition of law, donative intent or other valid legal obligation that justifies the enrichment. Any contracts upon which Reliq purports to rely to justify its enrichment are void and illegal.

The Relationship Between Reliq's Impugned Documents and the Price of Reliq's Securities on the Secondary Market

134. The price of Reliq's securities was directly affected during the Secondary Market Class Period by the issuance of the Impugned Secondary Market Documents. The Defendants were aware at all material times of the effect of Reliq's disclosure documents upon the price of its shares.

135. The Impugned Secondary Market Documents were disseminated, among other places, on the TSXV and SEDAR, and thereby became immediately available to, and were reproduced for inspection by, the Secondary Market Class Members, other members of the investing public, financial analysts and the financial press.

136. Reliq routinely transmitted its disclosure documents to the financial press, financial analysts and certain prospective and actual holders of Reliq shares. Reliq posted a copy of the Impugned Secondary Market Documents on its website.
137. Reliq regularly communicated with the public investors and financial analysts via established market communication mechanisms, including through regular disseminations of its disclosure documents, including news releases on newswire services in Canada and elsewhere. Each time Reliq communicated new material information about Reliq to the public, the price of Reliq securities was directly affected.
138. Reliq was the subject of reports by at least one analyst, with the effect that any recommendations to purchase Reliq securities in such reports during the Secondary Market Class Period were based, in whole or in part, upon the information disseminated by Reliq.
139. Reliq's shares were and are traded, among other places, on the TSXV, which is an efficient and automated market. The prices at which Reliq's shares traded promptly incorporated material information from Reliq's disclosure documents about Reliq's business and affairs, including the misrepresentations alleged herein, which was disseminated to the public through the Impugned Secondary Market Documents and distributed by Reliq, as well as by other means.
140. If the Impugned Secondary Market Documents had not contained the misrepresentations particularized herein:
 - (a) the trading price of Reliq's shares would have promptly incorporated that material information and declined;

- (b) Secondary Market Class Members would have acquired Reliq's shares during the Secondary Market Class Period at a lower price than they did, or would not have acquired Reliq's shares at all; and
- (c) Secondary Market Class Members would not have sustained the damage they did sustain.

141. If the Impugned Private Placement Documents had not contained the misrepresentations particularized herein:

- (a) the Private Placement Class Members would have acquired the Private Placement Units at a lower price than they did, or would not have acquired Private Placement Units at all; and
- (b) the Private Placement Class Members would not have sustained the damage they did sustain.

Vicarious Liability

142. Reliq is vicariously liable for the acts and omissions of the Individual Defendants particularized herein.

143. The acts or omissions particularized and alleged herein to have been done by Reliq were authorized, ordered and done by the Individual Defendants and other agents, employees and representatives of Reliq, while engaged in the management, direction, control and transaction of the business and affairs of Reliq.

144. By virtue of the relationship between Reliq and Individual Defendants, such acts and omissions are, therefore, not only the acts and omissions of the Individual Defendants, but are also the acts and omissions of Reliq.

145. At all material times, the Individual Defendants were directors and/or officers of Reliq. As their acts and omissions are independently tortious, they are personally liable for same to the Plaintiff and the other Class Members.
146. At all material times, the Private Placement Agents were the agents of Reliq. By virtue of the relationship between Reliq and the Private Placement Agents, such acts and omissions of the Private Placement Agents are, therefore, not only the acts and omissions of the Private Placement Agents, but are also the acts and omissions of Reliq.

Jurisdiction Simpliciter

147. There is a real and substantial connection between British Columbia and the facts alleged in this proceeding. The Plaintiff and the other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding concerns:
- (a) restitutionary obligations that, to a substantial extent, arose in British Columbia;
 - (b) a tort committed in British Columbia; and
 - (c) a business carried on in British Columbia.

Plaintiff's address for service:

Siskinds LLP
Barristers & Solicitors
100 Lombard Street, Suite 302
Toronto ON M5C 1M3

Courier address: Mathew P Good Law Corporation
204 - 1650 Duranleau Street
Vancouver BC V6H 3S4

Place of trial: Vancouver, BC

The address of the registry is:

800 Smithe Street
Vancouver, BC
V6Z 2E1

Date: November 20, 2019

**Mathew
Patrick
Good** Digitally signed
by Mathew
Patrick Good
Date: 2019.11.20
10:03:30 -08'00'

Signature of lawyer for plaintiff

**Michael G. Robb
Anthony O'Brien
Garett Hunter
Mathew P. Good**

Rule 7-1 (1) of the Supreme Court Civil Rules states:

(1) Unless all parties of record consent or the court otherwise orders, each party of record to an action must, within 35 days after the end of the pleading period,

(a) prepare a list of documents in Form 22 that lists

(i) all documents that are or have been in the party's possession or control and that could, if available, be used by any party at trial to prove or disprove a material fact, and

(ii) all other documents to which the party intends to refer at trial, and

(b) serve the list on all parties of record.

**ENDORSEMENT ON ORIGINATING PLEADING OR PETITION FOR SERVICE
OUTSIDE BRITISH COLUMBIA**

The Plaintiff, Karl Haase, claims the right to serve this pleading on the Defendants outside British Columbia on the ground that there is a real and substantial connection between British Columbia and the facts alleged in this proceeding and the Plaintiff and other Class Members plead and rely upon the *CJPTA* in respect of the Defendants. Without limiting the foregoing, a real and substantial connection between British Columbia and the facts alleged in this proceeding exists pursuant to section 10(f) to (h) of the *CJPTA* because this proceeding:

- (f) concerns restitutionary obligations that, to a substantial extent, arose in British Columbia;
- (g) concerns a tort committed in British Columbia; and
- (h) concerns a business carried on in British Columbia.

Appendix

[The following information is provided for data collection purposes only and is of no legal effect.]

Part 1: CONCISE SUMMARY OF NATURE OF CLAIM:

This is a claim for damages at common law and under statute arising out of misrepresentations in disclosure documents released by the corporate defendant.

Part 2: THIS CLAIM ARISES FROM THE FOLLOWING:

A personal injury arising out of:

- ☐ a motor vehicle accident
- ☐ medical malpractice
- ☐ another cause

A dispute concerning:

- ☐ contaminated sites
- ☐ construction defects
- ☐ real property (real estate)
- ☐ personal property
- ☐ the provision of goods or services or other general commercial matters
- ☒ investment losses
- ☐ the lending of money
- ☐ an employment relationship
- ☐ a will or other issues concerning the probate of an estate
- ☐ a matter not listed here

Part 3: THIS CLAIM INVOLVES:

- ☒ a class action
- ☐ maritime law
- ☐ aboriginal law
- ☐ constitutional law
- ☐ conflict of laws
- ☐ none of the above
- ☐ do not know

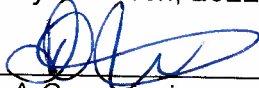
Part 4:

Class Proceedings Act, RSBC 1996, c 50

Securities Act, RSBC 1996, c 418

Court Jurisdiction and Proceedings Transfer Act, SBC 2003, c 28

This is Exhibit "B" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022

Reliq Health Technologies Inc. Securities Class Action

Summary Rationale for Settlement

The following is a brief summary of some of the factors considered by the Plaintiff and Class Counsel in concluding that the Settlement is fair and reasonable. These factors will be explained in greater detail in the application materials to be filed in support of Court approval of the Settlement, which will be posted at <https://www.siskinds.com/class-action/reliq-health-technologies-inc/> no later than April 6, 2022.

1. The substantial risk that the Defendants would be unable to pay

The most significant risk in this action was the ability to collect from the Defendants even if the Plaintiff and Class were entirely successful on the merits of the claim.

First, the Plaintiff and Class Counsel learned after the commencement of the action that the Defendants' insurance is limited. The Defendants had \$2 million in primary coverage for the claims against them. That policy was eroding, meaning that defence costs reduce the amount of available insurance. Approximately \$1.5 million of insurance coverage remained at the time of the Settlement. There was also \$1 million in extended coverage. However, the extended coverage applied only to the individual Defendants (whose damages were capped as is explained below) and only after the primary policy coverage was exhausted.

Second, there is a substantial risk that the Defendants would be unable to personally satisfy a substantial judgment against them. Reliq's financial position is and was precarious. Reliq has had a material going concern note in all its financial statements (meaning there is a material risk of insolvency), it has not turned a profit and it has incurred a substantial operating deficit. Reliq also has limited cash available. In Reliq's financial statements filed closest to the mediation that led to the Settlement Agreement, its total stated cash was \$423,478. A large judgment could force Reliq into insolvency proceedings in which the Plaintiff and Class Members would face significant difficulties obtaining any meaningful recovery as unsecured creditors.

2. Secondary market damages against the Defendants were capped

For misrepresentation claims advanced under Part 16.1 of the *Securities Act* such as those advanced in this case, caps on damages (called "liability limits") apply unless the plaintiff can prove that the defendant(s) authorized, permitted, or acquiesced in making a misrepresentation while knowing that it was a misrepresentation. The liability limit cannot be lifted as against the issuer (i.e. Reliq) even where it has knowledge of the misrepresentation.

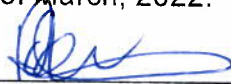
For Reliq, the liability limit is 5% of its pre-misrepresentation market capitalization. Class Counsel calculated Reliq's liability limit to be approximately \$10,000,000. For the individual Defendants, the limit is the greater of 50% of the aggregate of their compensation over a defined period or \$25,000. For the individual Defendants, Class Counsel calculated that the likely maximum liability limits are as follows: (i) Lisa Crossley - \$70,822; (ii) Amandeep Thindal - \$38,360; (iii) Eugene Beukman - \$33,450; (iv) Brian Storseth - \$25,000; and (v) Giancarlo De Lio – at least \$25,000.

3. Risk that a misrepresentation could not be established

The Plaintiff's claim is premised on misrepresentations with respect to the number of paying patients using Reliq's iUGO Platform and related accounting errors. Lisa Crossley's evidence was that the numbers reported were accurate at the time Reliq disclosed them but that Reliq later lost the patients largely due to the misconduct of a few rogue employees. Further, the Defendants' expert accounting opinion is that there was no misstatement of Reliq's financial statements. As the Defendants' accounting expert points out, although Reliq initially announced an intention to restate its financials, it ultimately did not do so. This removed a key piece of evidence the Plaintiff and Class could have otherwise used to establish the existence of a misrepresentation. Consistent with this, Reliq publicly disclosed that the British Columbia Securities Commission reviewed Reliq's decision not to restate its previous financials but did not require a restatement to be made.

Additional risks existed for the Private Placement Class Members whose claims were based on the acquisition of units in the private placement that closed on or about January 9, 2018. The Plaintiff had evidence available to him that indicated that the claims were potentially weaker for the misrepresentations alleged to exist in the Impugned Private Placement Documents. There was weaker evidence, according to the Plaintiff's accounting expert and in evidence from U.S. Litigation related to the matters at issue, that the revenue collection issues existed at the time the Impugned Private Placement Documents were disseminated.

This is Exhibit "C" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022



CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2018

(Expressed in Canadian Dollars)

UNIT 114B (2nd Floor)
8988 FRASERTON COURT
BURNABY, BC V5J 5H8

T: 604.239.0868
F: 604.239.0866



A CHAN AND COMPANY LLP
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITORS' REPORT

To: the Shareholders of
Reliq Health Technologies Inc. (formerly, Moseda Technologies, Inc.)

We have audited the accompanying consolidated financial statements of Reliq Health Technologies Inc. (formerly, Moseda Technologies, Inc.) (the "Company"), which comprise the consolidated statement of financial position as at June 30, 2018 and June 30, 2017, and the consolidated statement of loss and comprehensive loss, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity for the years ended June 30, 2018 and June 30, 2017, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. 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 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 audits 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 consolidated financial position of the Company as at June 30, 2018 and June 30, 2017, and its consolidated financial performance and its consolidated cash flow for the years ended June 30, 2018 and June 30, 2017 in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates that the Company has incurred losses to date. This condition, along with other matters as set forth in Note 1, indicates the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

"A Chan & Company LLP"
Chartered Professional Accountant

Burnaby, British Columbia
October 29, 2018

RELIQ HEALTH TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)

AS AT	June 30, 2018	June 30, 2017
ASSETS		
Current		
Cash	\$ 9,800,922	\$ 487,496
Term deposits	123,000	16,500
Trade and other receivables (Note 16)	34,405	34,405
Prepaid expenses	2,404,295	163,062
	<u>12,362,622</u>	<u>701,463</u>
Property, plant and equipment (Note 7)	<u>-</u>	<u>-</u>
	<u>\$ 12,362,622</u>	<u>\$ 701,463</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities (Note 5)	\$ 531,211	\$ 600,628
Deferred revenue (Note 8)	-	5,810
Contingent Liabilities (Note 4)	-	76,183
	<u>531,211</u>	<u>682,621</u>
Shareholders' equity		
Share capital (Note 10)	28,719,049	10,040,262
Reserves (Note 10)	9,050,650	2,120,317
Accumulated Deficit	(25,938,288)	(12,141,737)
	<u>11,831,411</u>	<u>18,842</u>
	<u>\$ 12,362,622</u>	<u>\$ 701,463</u>

Nature of operations and ability to continue as a going concern (Note 1)
Subsequent event (Note 17)

Approved on behalf of the Board on Oct 29, 2018:

"Eugene Beukman"
Signed

"Aman Thindal"
Signed

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

RELIQ HEALTH TECHNOLOGIES INC.**CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

For the years ended June 30

	2018	2017
REVENUE		
Royalty revenue	\$ -	\$ 3,261
Sales revenue	2,269,481	179,391
	<u>2,269,481</u>	<u>183,652</u>
COST OF SALES	<u>1,122,832</u>	<u>148,183</u>
GROSS PROFIT	<u>1,146,649</u>	<u>34,469</u>
EXPENSES		
Amortization and depreciation	-	2,047
Advertising and promotion	381,681	311,497
Management and consulting fees	1,785,321	630,145
Office and administration	603,468	288,871
Professional fees	123,305	9,430
Research and development	1,420,806	719,414
Salaries and wages	1,399,229	566,583
Share-based payments	7,928,940	243,305
Transfer agent	156,576	64,835
	<u>(13,799,326)</u>	<u>(2,836,127)</u>
	(12,652,677)	(2,801,658)
OTHER		
Bad debt (Note 16)	(1,137,170)	-
Foreign exchange	20,432	(8,219)
Finance expense (Note 9)	25	(14,480)
Gain on settlement of debt	5,810	173,362
Write-off of intangible asset (Note 4)	-	-
Change in contingent liabilities (Note 4)	<u>(32,971)</u>	<u>189,877</u>
Loss and comprehensive loss for the year	<u>\$ (13,796,551)</u>	<u>\$ (2,461,118)</u>
Basic and diluted loss per common share	<u>\$ (0.14)</u>	<u>\$ (0.04)</u>
Weighted average number of common shares outstanding	<u>95,398,842</u>	<u>59,886,938</u>

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

RELIQ HEALTH TECHNOLOGIES INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
For the years ended June 30

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (13,796,551)	\$ (2,461,118)
Items not affecting cash:		
Amortization	-	2,047
Bad debt	1,137,170	-
Share-based payments	7,928,940	243,305
Change in contingent liabilities	32,972	(189,877)
Finance expense	-	14,480
Gain on settlement of debt	(5,810)	(173,362)
Changes in non-cash working capital items:		
Receivables	(1,137,170)	116,094
Inventory	-	113,462
Deferred revenue	-	(1,400)
Prepaid expenses	(2,241,233)	(24,870)
Accounts payable and accrued liabilities	(69,417)	125,551
	<u>(8,151,099)</u>	<u>(2,235,689)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of term deposits	<u>(106,500)</u>	<u>-</u>
	<u>(106,500)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issuance of shares	15,000,000	1,423,092
Proceeds from stock option exercise	927,500	15,000
Proceeds from warrant exercises	2,880,018	187,750
Share issuance costs	(1,236,493)	(95,107)
Proceeds from issuance of convertible debentures	-	762,305
Financing costs	-	(15,280)
	<u>17,571,025</u>	<u>2,277,760</u>
Change in cash during the year	9,313,426	42,071
Cash, beginning of year	487,496	445,425
Cash, end of year	\$ 9,800,922	\$ 487,496

Supplemental disclosure with respect to cash flows (Note 14)

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

RELIQ HEALTH TECHNOLOGIES INC.
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

Share Capital					
	Number	Amount	Reserves	Deficit	Total
Balance June 30, 2016	53,023,521	7,835,314	1,482,305	(9,680,619)	(363,000)
Private placements	15,270,533	1,423,092	-	-	1,423,092
Share issuance costs – cash	-	(95,107)	-	-	(95,107)
Share issuance costs – Warrants	-	(25,906)	25,906	-	-
Shares issued on exercise of Warrants	1,877,500	187,750	-	-	187,750
Shares issued on exercise of Options	100,000	26,453	(11,453)	-	15,000
Conversion of convertible	5,863,884	688,666	71,655	-	760,321
Financing costs – warrants	-	-	1,183	-	1,183
Vested warrants	-	-	307,416	-	307,416
Shared-based payments	-	-	243,305	-	243,305
Net loss for the year	-	-	-	(2,461,118)	(2,461,118)
Balance, June 30, 2017	76,135,438	\$ 10,040,262	\$ 2,120,317	(12,141,737)	\$ 18,842
Private placements	21,428,571	15,000,000	-	-	15,000,000
Share issuance – shares	1,071,429	891,072	-	-	891,072
Share issuance costs – shares	-	(891,072)	-	-	(891,072)
Share issuance – Cash	-	(1,236,493)	-	-	(1,236,493)
Share issuance costs – warrants	-	(916,828)	916,828	-	-
Shares issued on exercise of Warrants	9,489,101	2,880,018	-	-	2,880,018
Shares issued on exercise of Options	5,800,000	2,952,090	(2,024,590)	-	927,500
Vested warrants	-	-	109,155	-	109,155
Shared-based payments	-	-	7,928,940	-	7,928,940
Net loss for the year	-	-	-	(13,796,551)	(13,796,551)
Balance, June 30, 2018	113,924,539	\$ 28,719,049	\$ 9,050,650	\$ (25,938,288)	\$ 11,831,411

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

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

RELIQ HEALTH TECHNOLOGIES INC. (the "Company") is a publicly-listed company incorporated in British Columbia with limited liability under the legislation of the province of British Columbia and its shares are listed on the TSX Venture Exchange (the "Exchange") under the symbol ("RHT"). The Company's principal business is to develop innovative, secure mobile software solutions for the \$20 Billion Community Care market. Reliq's iUGO Health technology platform is a comprehensive hardware and software solution that allows complex patients to receive high quality care in the home, improving health outcomes, enhancing quality of life for patients & families and reducing the cost of care delivery.

The head office, principal address and the registered records address of the Company is situated at Suite 810 - 789 West Pender Street, Vancouver, British Columbia.

These consolidated financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. Realization values may be substantially different from carrying values as recorded in these consolidated financial statements. These consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern. At June 30, 2018, the Company had not achieved profitable operations, had accumulated a deficit of \$25,938,288 (2017 - \$12,141,737) since inception and expects to incur further operating losses in the development of its business. The Company's ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. This indicates a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

Statement of Compliance

These consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standards using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB").

Basis of Presentation

These consolidated financial statements have been prepared on a historical cost basis. In addition, the consolidated financial statements are prepared using the accrual basis of accounting except for cash flow information. These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional currency.

Use of Estimates

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the year. Actual results could differ from these estimates.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to:

Critical accounting estimates

- i. Share-based payments and fair value adjustment to contingent liability are subject to estimation of the value of the award and warrants at the date of grant and measurement date using pricing models such as the Black-Scholes option valuation model. The option valuation model requires the input of highly subjective assumptions including the expected stock price volatility. Because the Company's stock options have characteristics significantly different from those of traded options and because the subjective input assumptions can materially affect the calculated fair value, such value is subject to measurement uncertainty.
- ii. The determination of income tax is inherently complex and requires making certain estimates and assumptions about future events. While income tax filings are subject to audits and reassessments, the Company has adequately provided for all income tax obligations. However, changes in facts and circumstances as a result of income tax audits, reassessments, jurisprudence and any new legislation may result in an increase or decrease in our provision for income taxes.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (cont'd...)

Use of Estimates (cont'd...)

Critical accounting estimates (cont'd...)

- iii. Management reviews the useful lives of depreciable assets including property, plant and equipment and customer contracts at each reporting date based on the expected utility of the assets to the Company. Actual results, however, may vary due to technical obsolescence.

Critical accounting judgments

- i. The determination that the Company will continue as a going concern for the next year.
- ii. The revenue recognition of sale revenue.
- iii. The determination of related parties.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entity controlled by the Company, Mobsafety, Inc. and Carekit Health Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

The accounting policies set out below have been consistently applied to all periods presented.

Intangible assets

The Company's intangible assets include trademarks. Intangible assets are measured at cost less any accumulated impairment losses. Indefinite life intangible assets are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

Property, plant and equipment

Property, plant and equipment are measured on the cost basis less accumulated depreciation and accumulated impairment losses. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of loss and comprehensive loss during the financial year in which they are incurred.

Property, plant and equipment are depreciated on a straight-line basis over their useful lives of 3.33 years to the Company commencing from the time the asset is held ready for use. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. An asset's carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in the statement of loss and comprehensive loss.

Impairment of non-financial assets

Impairment tests on non-financial assets, including property, plant and equipment, and intangible assets are subject to impairment tests at least annually or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the asset's cash-generating unit, which is the lowest group of assets in which the asset belongs for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets. An impairment loss is charged to statement of comprehensive loss.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Revenue recognition

The Company earns revenue through the supply of MDM solutions for mobile devices and assets management services in the commercial and consumer markets. Revenue is measured at the fair value of the consideration received or receivable for services, net of discounts and sales taxes. Consideration received from customers in advance is recorded as deferred revenue.

The principal sources of revenue to the Company and recognition of these revenues are as follows:

License Revenue

Revenue from the sale of licenses is recognized at inception of the license term assuming at which time all the following conditions are met:

- The Company has transferred significant risks and rewards of the license
- The Company does not retain continuing managerial involvement
- The amount of revenue can be reliably measured
- It is probable that economic benefits associated with the transaction will flow to the Company
- The costs incurred or to be incurred can be reliably measured

Royalties

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that future economic benefit will flow to the Company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement

Research and development costs

Expenditure on internally developed products is capitalized if it can be demonstrated that:

- It is technically feasible to develop the product for it to be sold;
- Adequate resources are available to complete the development;
- There is an intention to complete and sell the product;
- The Company is able to sell the product;
- Sale of the product will generate future economic benefits; and
- Expenditure on the project can be measured reliably.

As at June 30, 2018 and 2017 the Company has no development costs that met such criteria.

Development expenditures not satisfying the above criteria and expenditure on the research phase of internal projects are recognized in the statement of comprehensive loss as incurred.

Share-based payments

As part of its remuneration, the Company grants stock options and warrants to buy common shares of the Company to its employees. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Company. The fair value of employee services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

Share-based payments (cont'd...)

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instrument granted or vested if the option vests over a period. This fair value is measured at the grant date, using the Black-Scholes option pricing model, and is recognized over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

All share-based remuneration is ultimately recognized as an expense in the statements of comprehensive loss with a corresponding credit to contributed surplus. Upon exercise of share options, the proceeds received net of any directly attributable transactions costs and the amount originally credited to contributed surplus are allocated to share capital. When options expire unexercised the related value remains in contributed surplus.

Foreign currency translation

In preparing the financial statements, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each statement of financial position date, foreign currency monetary assets and liabilities are translated using the reporting date foreign exchange rate. Foreign currency non-monetary assets and liabilities are translated using the historical rate on the date of the transaction. Non-monetary assets and liabilities that are stated at fair value are translated using the historical rate on the date that the fair value was determined. All gains and losses on translation of these foreign currency transactions are included in the profit and loss.

Earnings (loss) per share

Basic earnings (loss) per share is determined by dividing net income (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by dividing net income (loss) by the weighted average number of common shares outstanding during the year after giving effect to potentially dilutive financial instruments.

Cash equivalents

Cash equivalents are comprised of all short-term investments that are highly liquid in nature, cashable, and have an original maturity date of three months or less. As at June 30, 2018 and 2017, there were no cash equivalents.

Financial instruments

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available for sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company does not hold any available for sale, held to maturity, or derivative financial assets at June 30, 2018 and 2017.

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Company determines the classification of its financial assets and financial liabilities at initial recognition. Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument.

Financial assets and financial liabilities are measured initially at fair value plus directly attributable transactions costs, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**Financial instruments (cont'd...)**

The Company's financial assets and liabilities are generally classified and measured as follows:

<u>Asset/liability</u>	<u>Category</u>	<u>Measurement</u>
Cash and term deposits	Fair value through profit or loss	Fair value
Trade and other receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Loan and promissory notes	Other financial liabilities	Amortized cost
Contingent liabilities	Fair value through profit or loss	Fair value

Loans and receivables and other financial liabilities are initially recognized at the fair value and subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. Such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of loss and comprehensive loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated allowance. Impairment is assessed at each reporting date.

Transaction costs incurred in the course of raising debt financing are netted against the carrying value of the liability and then amortized over the expected life of the instrument using the effective interest rate method to expense interest over the period to maturity of the related debt. Other transaction costs incurred are included in the statement and comprehensive loss.

Income taxes

Income tax expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income (loss) except to the extent that it relates to a business combination or items recognized directly in equity or in other comprehensive loss.

Current income taxes are recognized for the estimated income taxes payable or recoverable on taxable income or loss for the current year and any adjustment to income taxes payable in respect of previous years. Current income taxes are determined using tax rates and tax laws that have been enacted or substantively enacted by the year-end date.

Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability differs from its tax base, except for temporary differences arising on the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting nor taxable profit nor loss.

Recognition of deferred tax assets for unused tax losses, tax credits and deductible temporary differences is restricted to those instances where it is probable that future taxable profit will be available against which the deferred tax asset can be utilized. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be realized.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)

New standards not yet adopted

IFRS 9 *Financial Instruments (Revised)*

IFRS 9 was issued by the IASB in October 2010. It incorporates revised requirements for the classification and measurement of financial liabilities and carrying over the existing derecognition requirements from IAS 39 *Financial instruments: recognition and measurement*. The revised financial liability provisions maintain the existing amortized cost measurement basis for most liabilities. New requirements apply where an entity chooses to measure a liability at fair value through profit or loss – in these cases, the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than within profit or loss. IFRS 9 is effective for annual periods beginning on or after January 1, 2018. The impact of IFRS 9 on the Partnership's financial instruments has not yet been determined.

IFRS 15 *Revenue from Contracts with Customers*

On May 28, 2014, IFRS 15 was released, replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue* and several revenue-related interpretations. IFRS 15 establishes a single revenue recognition framework that applies to contracts with customers. The standard requires an entity to recognize revenue to reflect the transfer of goods and services for the amount it expects to receive, when control is transferred to the purchasers. Disclosure requirements have also been expanded. The new standard is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The standard may be applied retrospectively or using a modified retrospective approach. There will be no impact on the Partnership's consolidated financial statements.

IFRS 16, *Leases*

IFRS 16 is a new standard that sets out the principles for recognition, measurement, presentation, and disclosure of leases including guidance for both parties to a contract, the lessee and the lessor. The new standard eliminates the classification of leases as either operating or finance leases as is required by IAS 17 and instead introduces a single lessee accounting model. IFRS 16 is effective for annual periods beginning on or after January 1, 2019. The impact of IFRS 16 on the Company's leases has not yet been determined.

4. ACQUISITION OF CAREKIT HEALTH CORP.

On February 5, 2016, the Company completed the purchase of CareKit Health Corp. ("Carekit") pursuant to the terms of a share exchange agreement between the Company and Carekit. The Company purchased 100% of the outstanding common shares of Carekit in exchange for 600,000 common shares and 9,400,000 share purchase warrants of the Company. The shares will be held in escrow for 18 months from closing. Each warrant is exercisable in to one common share at \$0.20 for 3 years from closing, subject to a 2 year vesting schedule based on performance goals.

Purchase Price Consideration

Value of 600,000 common shares and 9,400,000*** share purchase warrants issued	\$	908,961
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Assets acquired and liabilities assumed

Intangible assets*	594,534
Trademark**	314,427
	<hr/>
	\$ 908,961

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Expressed in Canadian Dollars)

4. ACQUISITION OF CAREKIT HEALTH CORP. (cont'd...)

*Intangible assets of \$594,534 and other intangible asset of \$1,521 associated with Mobsafety were written off during the year ended June 30, 2016.

**Trademark was sold for proceed of \$314,427 during the year ended June 30, 2016.

*** Out of 9,400,000 warrants at a fair value of \$788,961, 2,350,000 vested warrants at a fair value of \$197,240 were allocated to equity and 7,050,000 unvested warrants at a fair value of \$591,721 were allocated to contingent liabilities on the statement of financial position on February 5, 2016. As at June 30, 2016, a fair value of 7,050,000 unvested warrants was adjusted to \$573,476 with change in contingent liabilities of \$18,245 recognized in net loss for the year ended June 30, 2016. During the year ended June 30, 2017, 4,700,000 warrants vested with fair value of \$307,416 were reallocated out of contingent liabilities to contributed surplus. As at June 30, 2017, fair value of unvested 2,350,000 warrants were measured at \$78,183 with change in contingent liabilities of \$189,877 recognized in net loss for the year ended June 30, 2017. During the year ended June 30, 2018, 2,350,000 warrants vested with fair value of \$109,154 were reallocated out of contingent liabilities to contributed surplus. As at June 30, 2018 there were no unvested warrants and changes in contingent liabilities of \$32,971 was recognized in net loss for the year ended June 30, 2018. Fair values of warrants were established by using the valuation technique, the Black Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk free interest rate – 0.50% to 1.18%; expected life – 1.66 years to 2.56 years; expected volatility – 83.46% to 101.50%; forfeiture rate – 0% and expected dividends – nil.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2018	2017
Accounts payable	\$ 386,546	\$ 582,639
Accruals	144,665	17,989
	<u>\$ 531,211</u>	<u>\$ 600,628</u>

6. INVENTORY

As at June 30, 2018, the Company does not have any inventory of medical devices purchased for resale.

7. PROPERTY, PLANT AND EQUIPMENT

	<u>Equipment</u>
Cost	
Balance, June 30, 2016, 2017 and 2018	\$ 20,543
Accumulated depreciation	
Balance, June 30, 2016	18,496
Additions	<u>2,046</u>
Balance, June 30, 2017	20,543
Additions	<u>-</u>
Balance, June 30, 2018	<u>20,543</u>
As at June 30, 2017	\$ -
As at June 30, 2018	<u>\$ -</u>

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Expressed in Canadian Dollars)

8. DEFERRED REVENUE

The Company's deferred revenue at June 30, 2016, 2017 and 2018 are as follows:

	Total
Balance June 30, 2016	\$ 7,210
Released to the statement of loss and comprehensive loss	(1,400)
Balance June 30, 2017	5,810
Write off to the statement of loss and comprehensive loss	(5,810)
Balance June 30, 2018	\$ -

9. CONVERTIBLE DEBENTURES

	Total
Balance June 30, 2015 and 2016	\$ -
Issuance of convertible debentures	762,305
Financing costs	(16,464)
Equity component of convertible debentures	(71,655)
Finance expense	14,480
Conversion to common shares	(688,666)
Balance June 30, 2017 and 2018	\$ -

During the year ended June 30, 2017, the Company issued convertible debentures for proceeds of \$762,305. The convertible debentures were convertible into units of the Company at a value of \$0.13 per unit consisting of one common share and one half of one share purchase warrant. Each whole warrant is exercisable at \$0.20 for a period of 3 years. The convertible debentures carry interest at 8% per annum. The Company paid finder fees of \$15,280 and 36,400 finder warrants exercisable at \$0.20 for a period of one year. The finder warrants were valued at \$1,184 using the Black-Scholes pricing model with a volatility of 97.79%, discount rate of 0.71%, expected life of 1 year, and an exercise price of \$0.20.

The conversion feature was valued at the date of issuance as the residual value of the present value of the principal on the convertible debentures \$762,305 at a discount rate of 12% which is the anticipated borrowing rate the Company could achieve on non-convertible instruments. On June 21, 2017, the holders of the convertible debentures converted their holdings for 5,863,884 units.

10. SHARE CAPITAL AND RESERVES**Authorized share capital**

Unlimited number of common and preferred shares without par value.

Private placements

During the year ended June 30, 2018, the Company:

- a) Issued 12,500,000 common shares at a price of \$0.40 per unit, each unit consists one common share and half of one common share purchase warrant for a period of two years at a price of \$0.60 per warrant share. The Company paid \$340,000, issued 625,000 units to the agents with the common shares component fair valued at \$337,500, and issued 850,000 warrants. The fair values \$337,268 of the warrants for service and the finder's warrants were established by using the valuation technique, the Black Scholes Warrants Pricing Model. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.40%; expected life – 2 years; expected volatility – 91%; forfeiture rate – 0% and expected dividends – nil.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)**Private placements (cont'd...)**

- b) Issued 8,928,571 common shares at a price of \$1.12 per unit, each unit consists one common share and half of one common share purchase warrant for a period of two years at a price of \$1.75 per warrant share. The Company paid \$800,000, and issued 446,429 units to the agents with the common shares component fair valued at \$553,572, and issued 714,286 warrants. The fair values \$579,561 of the warrants for service and the finder's warrants were established by using the valuation technique, the Black Scholes Warrants Pricing Model. Assumptions used in the option pricing model were as follows: average risk-free interest rate – 1.80%; expected life – 2 years; expected volatility – 93%; forfeiture rate – 0% and expected dividends – nil.

Stock options and warrants

Share purchase warrants and stock option transactions are summarized as follows:

	Share Purchase Warrants		Stock Options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, June 30, 2016	25,001,634	\$ 0.25	1,450,000	\$ 0.18
Granted	11,158,580	0.15	4,150,000	0.12
Expired	(14,365,475)	0.29	-	-
Exercised	(1,877,500)	0.10	(100,000)	0.15
Outstanding, June 30, 2017	19,917,239	0.18	5,500,000	0.14
Granted	13,596,427	1.04	9,625,000	0.83
Expired	-	-	(1,200,000)	0.16
Exercised	(9,489,101)	0.30	(5,800,000)	0.16
Outstanding, June 30, 2018	24,024,565	\$ 0.62	8,125,000	\$ 0.93
Exercisable, June 30, 2018	24,024,565	\$ 0.62	7,718,750	\$ 0.86

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)**Stock options and warrants (cont'd...)**

As at June 30, 2018, incentive stock options were outstanding as follows:

	Number	Exercise price	Expiry Date
Stock options			
	250,000	0.150	July 28, 2018
	800,000	0.100	October 6, 2021
	100,000	0.105	October 11, 2021
	675,000	0.150	September 22, 2022
	75,000	0.440	November 2, 2022
	200,000	1.000	December 14, 2019
	2,150,000	1.120	January 10, 2023
	2,475,000	1.120	February 2, 2020
	<u>1,400,000</u>	<u>1.380</u>	<u>June 4, 2023</u>
	8,125,000		

As at June 30, 2018, share purchase warrants were outstanding as follows:

	Number	Exercise price	Expiry Date
Share Purchase Warrants			
	49,460	\$ 0.100	October 17, 2018
	450,000	0.145	October 17, 2018
	7,425,000	0.200	February 26, 2019
	378,665	0.100	June 30, 2023
	304,284	0.130	March 29, 2022
	205,920	0.230	April 23, 2022
	293,195	0.250	June 30, 2022
	54,095	0.100	June 30, 2024
	1,631,391	0.200	June 15, 2020
	2,825,448	0.165	June 21, 2019
	3,847,500	0.600	November 2, 2019
	340,594	0.400	November 2, 2019
	312,500	0.600	November 2, 2019
	170,297	0.600	November 2, 2019
	4,441,575	1.750	January 9, 2020
	223,214	1.750	January 9, 2020
	714,285	1.120	January 9, 2020
	<u>357,142</u>	<u>1.750</u>	<u>January 9, 2020</u>
	24,024,565		

Share-based payments

The Company's stock option plan reserves for issuance a maximum number of common shares equal to 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the Exchange. The expiry date for each option should be for a maximum term of five years. All options granted vest immediately with the exception of those granted to investor relations consultants, which vest according to Exchange policy.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Expressed in Canadian Dollars)

10. SHARE CAPITAL AND RESERVES (cont'd...)

During the year June 30, 2018 the Company granted 9,625,000 options (2017 – 4,150,000), with some options fully vested and some options to be vested over time, and recorded a share-based payment expense of \$7,928,940 (2017 - \$243,305) which included benefit of options granted in prior years and became fully vested during the current year. The fair values of the stock-based compensation were established by using the valuation technique, the Black Scholes Option Pricing Model. Assumptions used in the option pricing model were as follows: average risk free interest rate – 1.76% to 1.96% (2017 – 0.58% to 1.38%); expected life – 1.25 years to 5 years (2017 – 2 years to 5 years); expected volatility – 89% to 121% (2017 – 74.46% - 108.56%); forfeiture rate – 0% (2017 – 0%) and expected dividends – nil (2017 – nil).

Performance shares

On June 27, 2013, the Company received disinterested shareholder approval to amend the milestone dates as below for the allotment of 3,000,000 common shares (the "Performance Shares"), which will become issuable to certain officers, employees and consultants on the achievement by the Company of certain milestone events.

These shares are not considered earned unless the milestones are achieved. The details for amounts and the requisite milestones are as follows:

Number of common shares allotted	Milestone for issuance
1,000,000	Upon the Company generating total revenues of not less than \$680,000 on or before twelve (12) months following the RTO
1,000,000	Upon the Company generating total revenues of not less than \$5,200,000 on or before twenty-four (24) months following the RTO
1,000,000	Upon the Company generating total revenues of not less than \$9,760,000 on or before thirty-six (36) months following the RTO
3,000,000	

To date, no milestones have been reached; therefore no shares have been issued. The progress of the Company's revenue to date has been insufficient to indicate that there is any likelihood of these milestones being achieved. The Company has not recorded any related expense or obligation as of June 30, 2018.

11. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

- Paid or accrued salaries and wages of \$220,000 (2017 - \$220,000) to the CEO and director of the Company.
- Paid or accrued salaries and wages of \$188,333 (2017 - \$172,500) to the Chief Visionary Officer of the Company.
- Paid or accrued management and consulting fees \$66,900 (2017 - \$36,000) to a company owned by a director of the Company.
- Paid or accrued management and consulting fees of \$120,000 (2017 - \$120,000) to the CFO and director of the Company.

As at June 30, 2018, included in accounts payable and accrued liabilities is \$10,500 (2017 - \$90,086) due to related parties. These amounts are unsecured, non-interest bearing and payable on demand.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's financial instruments are exposed to certain financial risks, including credit risk liquidity risk, and currency risk.

The Company's exposure to these risks and its methods of managing the risks remain consistent. The Company is exposed to the following risks related to financial assets and liabilities:

(a) Currency risk

Currency risk is the risk that variations in exchange rates between U.S. and Canadian currencies will affect the Company's operating and financial results. The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers in foreign currencies and the purchases of hardware from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to reduce its exposure. The company is not currently exposed to currency risk.

(b) Credit risk

Credit risk refers to the potential that a customer or counterparty to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's receivables from customers and its cash. The maximum credit risk exposure for these balances is the carrying values of these items.

The Company attempts to mitigate its credit risk over cash by dealing only with large financial institutions with good credit ratings. All of the financial institutions that the Company deals with meet these qualifications.

The Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At June 30, 2018 the Company's accounts payable and accrued liabilities were \$531,211 (2017 - \$600,628).

13. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

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. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate 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.

There have been no changes to the Company's approach to capital management during the year.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2018

(Expressed in Canadian Dollars)

14. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWSDuring the year ended June 30, 2018, the Company:

- a) Issued 312,000 warrants to agents for services with a fair value of \$77,824 (Note 9).
- b) Issued 850,000 agent warrants with a fair value of \$259,444 (Note 9).
- c) Issued 223,214 warrants to agents for services with a fair value of \$114,056 (Note 9).
- d) Issued 714,286 agent warrants with a fair value of \$465,505 (Note 9).
- e) 2,350,000 performance warrants were released from escrow with a fair value of \$109,154 (Note 9).
- f) Reclassified reserves of \$2,024,590 to share capital on the exercise of 5,800,000 common shares.

During the year ended June 30, 2017, the Company:

- g) Issued 36,400 finder warrants with a fair value of \$1,184 (Note 9).
- h) Issued 554,976 agents' warrants with a fair value of \$25,906 (Note 10).
- i) Converted debentures totaling \$688,666 to 5,863,884 common shares (Note 9).
- j) Reclassified reserves of \$11,453 to share capital on the exercise of 100,000 common shares.

15. INCOME TAXES

The difference between tax expense for the year and the expected income taxes based on the statutory tax rate arises as follows:

	2018	2017
Income (loss) for the year	\$ (13,796,551)	\$ (2,461,118)
Tax recovery based on the statutory rate of 27% (2017 – 26%)	(3,725,069)	(639,891)
Effect of change in tax rate	(138,616)	-
Non-deductible expenses and impact of corporate reorganization	1,330,370	(6,075)
Changes in unrecognized deferred tax assets	2,533,315	645,966
Income tax expense (recovery)	\$ -	\$ -

The nature and tax effect of the temporary differences giving rise to the deferred tax assets and liabilities at June 30, 2017 and 2016 are summarized as follows:

	2018	2017
Tax losses carried forward	\$ 4,986,247	\$ 3,095,810
Mineral property	442,914	426,510
Un-deducted financing costs and other tax assets	708,191	81,716
	6,137,352	3,604,036
Unrecognized deferred tax assets	(6,137,352)	(3,604,036)
	\$ -	\$ -

The Company has approximately \$18,450,000 of non-capital losses available, which begin to expire through to 2038 and may be applied against future taxable income. The Company also has approximately \$1,600,000 of exploration and development costs which are available for deduction against future income for tax purposes. At June 30, 2018, the net amount which would give rise to a deferred income tax asset has not been recognized as it is not probable that such benefit will be utilized in the future years.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2018

(Expressed in Canadian Dollars)

16. TRADE AND OTHER RECEIVABLES

	June 30, 2018	June 30, 2017
Trade receivable	\$ 1,132,170	\$ -
Allowance for doubtful	(1,132,170)	-
Other – GST receivable	34,405	34,405
	<u>\$ 34,405</u>	<u>\$ 34,405</u>

During the current year of 2018, the Company assessed the collectability of remaining trade receivable and determined that a full provision on remaining trade receivable should be made and charged bad debt expense of \$1,132,170 (2017 - \$Nil) to the statement of loss and comprehensive loss of the year ended June 30, 2018.

17. SUBSEQUENT EVENTS

Subsequent to the year ended June 30, 2018, the Company has:

- 250,000 options at \$0.15 were exercised for gross proceeds of \$37,500.
- 25,000 options at \$0.15 were exercised for gross proceed of \$3,750
- 150,000 options at \$1.38 were exercised for gross proceed of \$207,000.
- 50,000 warrants at \$0.10 were exercised for gross proceeds of \$5,000.
- 1,823,700 warrants at \$0.20 were exercised for gross proceeds of \$364,740.
- 206,250 warrants at \$0.60 were exercised for gross proceeds of \$123,750.

The Company is aware of a claim brought in the Northern District of Texas against the Company for breach of contract. As at the date of these consolidated financial statements, the Company is contesting the jurisdiction of the court proceedings and has not filed a defense to the claim. The company cannot access the possible outcome from this claim but is of the opinion that this claim is of no merit.

This is Exhibit "D" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

PERIOD ENDED MARCH 31, 2021

(Expressed in Canadian Dollars)

(Unaudited)

Responsibility for Financial Statements

The accompanying unaudited condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management and have not been reviewed by the Company's auditor.

RELIQ HEALTH TECHNOLOGIES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited - Expressed in Canadian Dollars)

AS AT	Note	March 31, 2021	As at June 30, 2020
ASSETS			
Current			
Cash		\$ 423,478	\$ 12,799
Term deposits		100,000	123,000
Trade and other receivables	3	1,712,022	1,029,934
Prepaid expenses		378,597	97,342
Inventory	4	541,104	1,093,329
Total current assets		3,155,201	2,356,404
Right of use assets	10	266,528	346,147
Total assets		\$ 3,421,728	\$ 2,702,551
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities	6	\$ 877,407	\$ 1,238,916
Lease liability	10	93,075	178,596
Total current liabilities		970,482	1,417,512
Long-term			
Loan payable		40,000	40,000
Lease liability	10	251,285	241,449
Total long term liabilities		291,285	281,449
Total liabilities		1,261,767	1,698,961
Shareholders' equity			
Share capital	5	48,605,568	40,249,323
Reserves	5	13,008,795	10,668,327
Accumulated deficit		(59,454,401)	(49,914,060)
Total shareholders' equity		2,159,962	1,003,590
Total liabilities and shareholders' equity		\$ 3,421,728	\$ 2,702,551

Going concern (Note 1)

Contingencies (Note 9)

Subsequent events (Note 13)

Approved on behalf of the Board on May 31, 2021:

"Eugene Beukman"

Signed

"Lisa Crossley"

Signed

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

RELIQ HEALTH TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS

(Unaudited - Expressed in Canadian Dollars)

		For the three months ended		For the nine months ended	
	Note	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
REVENUE					
Sales revenue		\$ 441,985	\$ 457,077	\$ 1,060,701	\$ 1,131,259
COST OF SALES		<u>251,685</u>	<u>314,457</u>	<u>558,172</u>	<u>742,853</u>
GROSS PROFIT		<u>190,300</u>	<u>142,620</u>	<u>502,529</u>	<u>388,406</u>
EXPENSES					
Advertising and promotion		16,460	142,250	24,176	245,794
Amortization	10	23,717	199,859	80,501	531,596
Accretion	10	7,636	11,362	24,959	11,924
Management and consulting fees	6	337,974	416,377	1,030,167	1,466,913
Office and administration	6	196,487	82,408	597,052	353,822
Professional fees		76,529	73,741	324,144	275,870
Research and development		228,165	329,800	1,269,237	1,772,582
Selling and administrative		-	74,712	7,824	74,712
Salaries and wages		519,583	600,199	1,626,205	1,527,025
Share-based payments	5	1,507,590	1,036,445	4,979,024	3,517,419
Transfer agent		<u>31,791</u>	<u>32,086</u>	<u>72,765</u>	<u>59,655</u>
		<u>(2,945,932)</u>	<u>(2,999,239)</u>	<u>(10,036,054)</u>	<u>(9,837,312)</u>
		(2,755,632)	(2,856,619)	(9,533,525)	(9,448,906)
OTHER					
Foreign exchange		(42,741)	2,630	(6,816)	7,499
Gain on sale of property and equipment		<u>-</u>	<u>-</u>	<u>-</u>	<u>85,868</u>
Loss and comprehensive loss for the period		\$ (2,798,373)	\$ (2,853,989)	\$ (9,540,341)	\$ (9,355,539)
Basic and diluted loss per common share	\$	(0.02)	(0.02)	(0.06)	(0.05)
Weighted average number of common shares outstanding		163,341,910	134,413,878	151,159,535	131,392,351

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

RELIQ HEALTH TECHNOLOGIES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY
(Unaudited - Expressed in Canadian Dollars)

	Note	Share Capital				Reserves	Deficit	Total
		Number	Amount					
Balance June 30, 2019		125,830,725	\$	31,536,277	\$	10,069,611	\$	2,663,530
Shares issued on exercise of options		9,490,000		4,798,543		(2,202,793)	-	2,595,750
Shares issued on exercise of warrants		3,464,093		1,981,249		-	-	1,981,249
Shared-based payments		-		-		3,517,419	-	3,517,419
Net loss for the period		-		-		-	(9,355,539)	(9,355,539)
Balance, March 31, 2020		138,784,818	\$	38,316,069	\$	11,384,237	\$	1,402,409
Balance, June 30, 2020		142,784,818	\$	40,249,323	\$	10,668,327	\$	1,003,590
Shares issued on private placement	5	13,493,332		3,036,000		-	-	3,036,000
Share issuance costs	5	-		(191,856)		31,082	-	(160,774)
Shares issued on exercise of options	5	10,807,500		5,324,326		(2,669,638)	-	2,654,688
Shares issued on exercise of warrants	5	645,417		187,775		-	-	187,775
Shared-based payments	5	-		-		4,979,024	-	4,979,024
Net loss for the period		-		-		-	(9,540,341)	(9,540,341)
Balance, March 31, 2021		167,731,067	\$	48,605,568	\$	13,008,795	\$	2,159,962

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

RELIQ HEALTH TECHNOLOGIES INC.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited - Expressed in Canadian Dollars)

	For the Nine Months Ended	
	March 31, 2021	March 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the year	\$ (9,540,341)	\$ (9,355,539)
Items not affecting cash:		
Amortization	80,501	531,596
Accretion	24,959	11,924
Gain on sale	-	(85,868)
Share-based payments	4,979,024	3,517,419
Changes in non-cash working capital items:		
Receivables	(682,088)	(384,637)
Inventory	552,075	70,980
Prepaid expenses	(281,255)	(17,674)
Accounts payable and accrued liabilities	(362,241)	511,178
Cash used in operating activities	(5,229,366)	(5,200,621)
CASH FLOWS FROM INVESTING ACTIVITY		
Proceeds received from redemption of term deposit	23,000	-
Proceeds received from sale of equipment	-	632,981
Cash from investing activities	23,000	632,981
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement	3,036,000	-
Share issue costs	(160,773)	-
Proceeds from stock option exercise	2,654,688	2,595,750
Proceeds from warrant exercise	187,775	1,981,249
Repayment of lease liability	(100,645)	(56,912)
Cash from financing activities	5,617,045	4,520,087
Change in cash during the period	410,679	(47,553)
Cash, beginning of period	12,799	345,029
Cash, end of period	\$ 423,478	\$ 297,476

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

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

RELIQ HEALTH TECHNOLOGIES INC. (the “Company”) is a publicly-listed company incorporated in British Columbia with limited liability under the legislation of the province of British Columbia and its shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol (“RHT”). The Company’s principal business is to develop innovative, secure telemedicine and virtual care solutions for the global healthcare market. Reliq’s iUGO Care technology platform is a comprehensive Software as a Service (SaaS) solution that allows complex patients to receive high quality care in the home, improving health outcomes, enhancing quality of life for patients & families and reducing the cost of care delivery.

The head office, principal address and the registered records address of the Company is situated at Suite 406A – 175 Longwood Rd S, Hamilton, ON, L8P 0A1.

1. GOING CONCERN

These condensed consolidated interim financial statements have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. At March 31, 2021, the Company had not achieved profitable operations, had negative cash flows from operations, had negative working capital, had accumulated a deficit of \$59,454,401 (June 30, 2020 - \$49,914,060) since inception and expects to incur further operating losses in the development of its business. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon the ability to find, acquire and develop various businesses with growth potential, its ability to obtain the necessary financing to carry out this strategy and to meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company. In addition, management has the ability to defer or cancel discretionary expenditures and sell equipment to reduce costs, optimize the Company’s cash flow and preserve liquidity.

These condensed consolidated interim financial statements do not include any adjustments to the carrying amounts of assets, the reported revenues and expenses, and the balance sheet classifications used if the going concern basis was not appropriate.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the year ended June 30, 2020. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended June 30, 2020.

Basis of Presentation

These condensed consolidated interim financial statements have been prepared on a historical cost basis. Certain comparative information has been reclassified to conform to the current year’s presentation. These condensed consolidated interim financial statements were authorized for issue by the Company’s Board of Directors on May 30, 2021.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

Accounting estimates and judgements

The preparation of condensed consolidated interim financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the condensed consolidated interim financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods. The more significant areas requiring the use of management estimates and judgments are discussed below:

i. Estimate of useful lives of equipment

Useful lives and residual value of equipment are reviewed by management on a regular basis to ensure assumptions are still valid. Equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable. If an asset's recoverable amount is less than the asset's carrying amount, an impairment loss is recognized.

Any changes in estimates would impact the economic useful lives and the residual values of the assets and, therefore, future depreciation charges could be revised.

ii. Recovery of deferred tax assets

Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amounts of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of loss and comprehensive loss.

iii. Share-based payments

The amounts recorded for share-based compensation are based on estimates. The Black Scholes model is used to estimate the fair value of stock options at the date of grant based on estimates of assumptions for share price, expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for the issuance of stock options.

Functional and Presentation Currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is also the Company's functional and presentation currency.

Basis of consolidation

These condensed consolidated interim financial statements include the financial statements of the Company and the entities owned 100% by the Company, Mobsafety, Inc. and Carekit Health Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the condensed consolidated interim financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

3. TRADE AND OTHER RECEIVABLES

	March 31, 2021	June 30, 2020
Trade receivable	\$ 1,699,975	\$ 1,007,676
Other – GST receivable	12,047	22,258
	<u>\$ 1,712,022</u>	<u>\$ 1,029,934</u>

Approximately \$1,112,000 of the above-mentioned receivables are associated with the sale of medical monitoring devices that were provided to new patients being onboarded onto the iUGO Care platform. Under the terms of the sale, the device cost is paid in monthly instalments over a twelve (12) month period.

As previously disclosed, the Company has extended payment terms for clients who were affected by COVID. As the vaccine is now available and clients are beginning to return to normal operations, the Company expects to collect, in full, any outstanding payables that were deferred due to COVID by the end of June 30, 2021.

4. INVENTORY

The Company held inventory of \$541,104 as at March 31, 2021 (June 30, 2020 - \$1,093,329). Inventory consisted of medical devices held for sale.

Inventory expensed in the condensed consolidated interim statement of loss and comprehensive loss in cost of sales for the period ended March 31, 2021 was \$558,172 (2020 - \$742,853).

5. SHARE CAPITAL AND RESERVES**Authorized share capital**

Unlimited number of common and preferred shares without par value.

Issued and outstanding

During the nine month period ended March 31, 2021, the Company:

- Issued 13,493,332 units at a price of \$0.225 per unit for gross proceeds of \$3,036,000 (the "Units"). Each Unit consists of one common share and one-half of a share purchase warrant (each whole warrant, a "Warrant"). Each Warrant is exercisable for an additional share at a price of \$0.30 for a period of two years. In the event that the common shares of the Company trade at a closing price of greater than \$0.50 per Share for ten (10) consecutive trading days, the Company may accelerate the expiry date of the Warrants to expire on the 30th day after the date on which such notice is given to the warrant holders. The Company paid finders' fees of \$48,782 cash and 188,775 broker warrants in connection with the financing. The broker warrants are issued with the same terms as the Warrants described above. The broker warrants were valued at \$31,082 using the black-scholes option pricing model with the following weighted average assumptions: expected volatility: 104%, expected life of the warrants: 2 years, expected dividend yield: 0%, and risk-free interest rate: 1.41%.
- Issued 10,807,500 common shares upon the exercise of 10,807,500 stock options for gross proceeds of \$2,654,688. In connection with the exercise of stock options, the Company transferred the fair value of \$2,669,638 from reserves to share capital.
- Issued 645,417 common shares upon the exercise of 645,417 warrants for gross proceeds of \$187,775.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

Stock options and warrants

Share purchase warrants and stock option transactions are summarized as follows:

	Share Purchase Warrants		Stock Options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, June 30, 2019	12,418,379	\$ 1.01	10,787,500	\$ 0.93
Granted	-	-	14,925,000	0.36
Expired	(7,418,127)	0.15	(1,525,000)	0.45
Exercised	(3,764,093)	0.20	(13,190,000)	0.21
Outstanding, June 30, 2020	1,236,159	1.01	10,997,500	0.40
Granted	6,937,828	0.30	17,125,000	0.29
Expired	-	-	(1,825,000)	0.37
Exercised	(645,417)	0.30	(10,807,500)	0.25
Outstanding, March 31, 2021	7,528,570	\$ 0.18	15,490,000	\$ 0.41
Exercisable, March 31, 2021	7,528,570	\$ 0.18	11,705,000	\$ 0.41

As at March 31, 2021, incentive stock options were outstanding as follows:

Number	Exercise price	Expiry Date
125,000	\$ 0.24	August 28, 2022
12,500	\$ 0.15	September 22, 2022
1,800,000	\$ 1.12	January 10, 2023
1,295,000	\$ 0.25	December 17, 2024
175,000	\$ 0.31	January 21, 2024
250,000	\$ 0.17	June 10, 2024
160,000	\$ 0.25	July 5, 2024
337,500	\$ 0.24	July 23, 2024
100,000	\$ 0.25	August 2, 2024
1,000,000	\$ 0.48	October 9, 2024
375,000	\$ 0.44	January 7, 2025
1,325,000	\$ 0.24	July 9, 2025
500,000	\$ 0.26	November 20, 2025
3,900,000	\$ 0.23	December 2, 2025
340,000	\$ 0.23	January 6, 2026
3,795,000	\$ 0.23	February 1, 2026
15,490,000		

As at March 31, 2021, the weighted average remaining contract life of the stock options outstanding is 4.05 years.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

As at March 31, 2021, share purchase warrants were outstanding as follows:

Number	Exercise price	Expiry Date
378,665	\$ 0.10	June 30, 2023
304,284	\$ 0.13	March 29, 2022
205,920	\$ 0.23	April 23, 2022
293,195	\$ 0.25	June 30, 2022
4,912,886	\$ 0.30	November 13, 2022
1,379,525	\$ 0.30	December 3, 2022
54,095	\$ 0.10	June 30, 2024
7,528,570		

As at March 31, 2021, the weighted average remaining contract life of the stock purchase warrants outstanding is 1.62 years.

Share-based payments

The Company's stock option plan reserves for issuance a maximum number of common shares equal to 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the policies of the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years.

On February 28, 2019, the Company granted 500,000 stock options to a member of the management team, with an exercise price of \$0.235 expiring on February 28, 2024. These options vest over 18 months and were valued at \$96,068 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 117%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.83%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$2,621 related to these options.

On June 10, 2019, the Company granted 3,875,000 stock options to consultants and an employee, with an exercise price of \$0.17 expiring on June 10, 2024. A total of 3,625,000 options vested immediately and the remaining 250,000 options vest over 18 months and were valued at \$507,175 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 105%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.42%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$2,424 related to these options.

On July 23, 2019, the Company granted 400,000 stock options to employees, with an exercise price of \$0.235 expiring on July 23, 2024. The options vest over 18 months and were valued at \$80,540 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 104%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.41%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$7,562 related to these options.

On August 2, 2019, the Company granted 1,800,000 stock options to consultants and an employee, with an exercise price of \$0.245 expiring on August 2, 2024. A total of 1,700,000 options vested immediately and the remaining 100,000 options vest over 18 months and were valued at \$336,343 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 104%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.36%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$2,647 related to these options.

On October 9, 2019, the Company granted 1,450,000 stock options to consultants and employees, with an exercise price of \$0.475 expiring on October 9, 2024. A total of 1,250,000 options vested immediately and the remaining 200,000 options vest over 18 months and were valued at \$543,639 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 106%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.32%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$13,911 related to these options.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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(Unaudited - Expressed in Canadian Dollars)

On January 7, 2020, the Company granted 875,000 stock options to consultants, with an exercise price of \$0.44 expiring on January 7, 2025. These options vest over 18 months and were valued at \$308,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$115,500 related to these options.

On July 9, 2020, the Company granted 4,800,000 stock options to consultants, with an exercise price of \$0.235 expiring on July 9, 2025. These options vested immediately and were valued at \$860,011 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 104%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.41%.

On August 28, 2020, the Company granted 125,000 stock options to consultants, with an exercise price of \$0.25 expiring on August 28, 2022. These options vested immediately and were valued at \$15,958 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 104%, expected life of the options: 2 years, expected dividend yield: 0%, and risk-free interest rate: 1.41%.

On November 20, 2020, the Company granted 500,000 stock options to consultants, with an exercise price of \$0.26 expiring on November 20, 2025. These options vested immediately and were valued at \$176,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%.

On December 2, 2020, the Company granted 6,250,000 stock options to consultants, with an exercise price of \$0.26 expiring on December 2, 2025. These options vested immediately and were valued at \$2,200,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%.

On December 2, 2020, the Company granted 850,000 stock options to staff, with an exercise price of \$0.26 expiring on December 2, 2025. These options vest over 18 months and were valued at \$299,200 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$74,800 related to these options.

On January 6, 2021, the Company granted 500,000 stock options to an officer of the Company, with an exercise price of \$0.415 expiring on January 6, 2026. These options vest over 12 months and were valued at \$176,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.50%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$99,733 related to these options.

On February 1, 2021, the Company granted 125,000 stock options to staff, with an exercise price of \$0.33 expiring on February 1, 2026. These options vest over 18 months and were valued at \$31,591 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.50%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$12,129 related to these options.

On February 1, 2021, the Company granted 275,000 stock options to staff, with an exercise price of \$0.44 expiring on February 1, 2026. These options vest over 18 months and were valued at \$92,666 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.50%. During the period ended March 31, 2021, the Company recorded a share-based payment of \$35,578 related to these options.

On February 1, 2021, the Company granted 3,700,000 stock options to consultants, with an exercise price of \$0.44 expiring on February 1, 2026. These options vest immediately and were valued at \$1,302,400 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.50%.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

a) Key management personnel compensation

Key management compensation comprised the following.

		For the nine months ended	
		March 31, 2021	March 31, 2020
Salaries and other compensation	\$	283,746	\$ 291,800
Short-term employee benefits		59,652	-
	\$	343,397	\$ 291,800

b) Key management personnel transactions

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

		For the nine months ended	
		March 31, 2021	March 31, 2020
Transactions			
Office and administration ¹	\$	113,964	\$ 129,987
Management and consulting fees ²		90,000	-
	\$	203,964	\$ 129,987

¹ Consists of paid professional, administrative, advertising and promotion fees paid to a company owned by a director of the Company.

² Consists of paid professional fees paid to a director of the Company.

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Classification of financial instruments**

As at March 31, 2021	Financial assets – FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	\$	\$	\$
Cash	423,478	-	-
Term deposits	100,000	-	-
Trade and other receivables	-	1,712,022	-
Accounts payable and accrued liabilities	-	-	877,407
Loan payable	-	-	40,000

As at June 30, 2020	Financial assets – FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	\$	\$	\$
Cash	12,799	-	-
Term deposits	123,000	-	-
Trade and other receivables	-	1,029,934	-
Accounts payable and accrued liabilities	-	-	1,238,916
Loan payable	-	-	40,000

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration.

The Company's financial instruments are exposed to certain financial risks, including credit risk liquidity risk, and

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

currency risk.

The Company's exposure to these risks and its methods of managing the risks remain consistent. The Company is exposed to the following risks related to financial assets and liabilities:

a) Currency risk

Currency risk is the risk that variations in exchange rates between U.S. and Canadian currencies will affect the Company's operating and financial results. The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products to customers in foreign currencies and the purchases of hardware from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to reduce its exposure.

b) Credit risk

Credit risk refers to the potential that a customer or counterparty to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's receivables from customers and its cash. The maximum credit risk exposure for these balances is the carrying values of these items.

The Company attempts to mitigate its credit risk over cash by dealing only with large financial institutions with good credit ratings. All of the financial institutions that the Company deals with meet these qualifications.

The Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At March 31, 2021, the Company had cash and term deposits of \$523,478 (June 30, 2020 - \$135,799) to settle accounts payable and accrued liabilities of \$877,407 (June 30, 2020 - \$1,238,916).

8. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

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. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate 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.

There have been no changes to the Company's approach to capital management during the period.

9. CONTINGENCIES

The Company is aware of a Notice of Claim that has just been filed with the Supreme Court of British Columbia under the Class Proceedings Act, RSBC 1996, c 50, relating to statements made by the Company in 2018. The claim has been filed by a single shareholder who holds less than 3,000 shares in the Company. The Company intends to mount a vigorous defense.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**Right-of-Use Assets****Lease liabilities**

	Property Leases
Cost:	\$
At June 30, 2020	456,228
Additions	-
At March 31, 2021	456,228
Depreciation:	
At June 30, 2020	110,081
Charge for the period	79,620
At March 31, 2021	189,701
Net Book Value:	
At June 30, 2020	346,147
At March 31, 2021	266,527
	\$
Lease liabilities at June 30, 2020	420,045
Lease payments made	(100,645)
Interest expense on lease liabilities	24,959
	344,360
Less: current portion	(93,075)
At March 31, 2021	251,285

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States. The Company has one reportable business segment in the development of innovative software solutions for the Community Care market.

	Canada	USA	Total
	\$	\$	\$
Nine months ended March 31, 2021			
Revenues	-	1,060,701	1,060,701
Total expenses	7,507,222	2,528,833	10,036,055
Net loss	7,507,222	3,589,534	11,096,756
Nine months ended March 31, 2021			
Revenues	-	1,131,259	1,131,259
Total expenses	(6,456,518)	(3,380,794)	(9,837,312)
Net loss	(6,456,518)	(2,249,535)	(8,706,053)
As at March 31, 2021			
Current assets	1,255,657	2,148,268	3,403,925
Total assets	1,522,184	2,148,268	3,670,452
Current liabilities	287,131	683,351	970,482
Total liabilities	327,131	934,636	1,261,767
As at June 30, 2020			
Current assets	1,226,313	1,130,091	2,356,404
Total assets	1,595,927	1,106,624	2,702,551
Current liabilities	529,190	888,322	1,417,512
Total liabilities	1,417,512	281,449	1,698,961

12. COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

At the time of approval of these financial statements, the Company has experienced and undertaken the following activities in relation to the COVID-19 pandemic:

- Receipt of the Canada Emergency Business Account loan in the amount of \$40,000 which is interest-free with up to \$10,000 forgiven if fully repaid on or before December 31, 2022. Subsequently, the loan is extended for an additional 3 years bearing interest of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due.
- Extension of customer payment terms.
- Mandatory working from home requirements for those able to do so.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

March 31, 2021

(Unaudited - Expressed in Canadian Dollars)

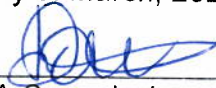
At this time these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time.

13. SUBSEQUENT EVENTS

Subsequent to March 31, 2021, the Company:

- i) Issued 2,963,500 common shares on the exercise of 2,963,500 stock options for gross proceeds of \$728,835;
and
- ii) Issued 630,230 common shares on the exercise of 630,230 warrants for gross proceeds of \$189,069.

This is Exhibit "E" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022



CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

PERIOD ENDED DECEMBER 31, 2021

(Expressed in Canadian Dollars)

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 indicating that the financial statements have not been reviewed by an auditor.

The accompanying condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed interim consolidated financial statements in accordance with the standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

RELIQ HEALTH TECHNOLOGIES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Expressed in Canadian Dollars)

	Note	December 31, 2021	As at June 30, 2021
ASSETS			
Current			
Cash		\$ 568,128	\$ 226,299
Term deposits		100,000	100,000
Trade and other receivables	3	5,656,222	2,161,480
Prepaid expenses		325,785	144,597
Inventory	4	216,703	545,766
Total current assets		6,866,838	3,178,142
Right of use assets	10	234,248	283,653
Total assets		\$ 7,101,086	\$ 3,461,795
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current			
Accounts payable and accrued liabilities		\$ 822,884	\$ 2,056,857
Lease liability	10	122,463	181,352
Total current liabilities		945,347	2,238,209
Long-term			
Loan payable	12	40,000	40,000
Lease liability	10	194,493	181,385
Total long-term liabilities		234,493	221,385
Total liabilities		1,179,840	2,459,594
Shareholders' equity			
Share capital	5	62,408,093	49,840,818
Reserves	5	10,262,130	12,855,998
Obligation to issue shares		1,310,681	-
Accumulated deficit		(68,059,658)	(61,694,615)
Total shareholders' equity		5,921,246	1,002,201
Total liabilities and shareholders' equity		\$ 7,101,086	\$ 3,461,795

Going concern (Note 1)

Contingencies (Note 9)

Subsequent event (Note 13)

Approved on behalf of the Board on March 1, 2022:

"Eugene Beukman"

Signed

"Lisa Crossley"

Signed

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

RELIQ HEALTH TECHNOLOGIES INC.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Expressed in Canadian Dollars)

		Three-month period ended,		Six-month period ended,	
	Note	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
REVENUE					
Services revenue		\$ 524,547	45,670	\$ 888,431	67,630
Hardware revenue		1,658,528	372,144	2,902,812	551,086
Returns		(42,951)	-	(42,951)	(30,538)
Net revenue		2,140,124	417,814	3,748,292	588,178
COST OF SALES					
		556,422	199,792	1,005,566	306,487
GROSS PROFIT					
		1,583,702	218,022	2,742,726	281,691
EXPENSES					
Accretion	10	9,115	8,579	19,028	17,323
Advertising and promotion		203,302	6,967	316,165	7,716
Amortization	10	26,802	28,992	53,728	56,784
Management and consulting fees	6	425,304	347,232	688,150	692,193
Office and administration	6	347,905	275,079	543,320	400,565
Professional fees		88,992	193,336	117,809	247,615
Research and development		394,025	525,501	521,327	1,041,072
Salaries and wages		376,296	553,654	809,844	1,106,622
Selling and administrative		-	3,085	-	7,824
Share-based payments	5	1,710,539	2,515,175	5,916,330	3,471,434
Transfer agent		33,927	34,729	37,375	40,974
		(3,616,207)	(4,492,329)	(9,023,076)	(7,090,122)
		(2,032,505)	(4,274,307)	(6,280,350)	(6,808,431)
OTHER					
Foreign exchange loss		(122,606)	37,070	(84,693)	35,925
Loss and comprehensive loss for the period		\$ (2,155,111)	(4,237,237)	\$ (6,365,043)	(6,772,506)
Basic and diluted loss per common share					
		\$ (0.01)	(0.03)	\$ (0.03)	(0.05)
Weighted average number of common shares outstanding					
		182,760,853	147,474,734	179,792,144	145,650,844

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

RELIQ HEALTH TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian Dollars)

		Share Capital										
	Note	Number	Amount	Reserves	Obligation to issue shares	Deficit	Total					
Balance, June 30, 2020		142,784,818	\$ 40,249,323	\$ 10,668,327	\$ -	\$ (49,914,060)	\$ 1,003,590					
Shares issued on private placement	5	13,493,332	3,036,000	-	-	-	3,036,000					
Share issuance costs	5	-	(79,864)	31,082	-	-	(48,782)					
Shares issued on exercise of options	5	6,480,000	2,619,126	(1,249,357)	-	-	1,369,769					
Shared-based payments	5	-	-	3,471,434	-	-	3,471,434					
Net loss for the period		-	-	-	-	(6,772,506)	(6,772,506)					
Balance, December 31, 2020		162,758,150	45,824,585	12,921,486	-	(56,686,566)	2,059,505					
Balance, June 30, 2021		173,252,177	\$ 49,840,818	\$ 12,855,998	\$ -	\$ (61,694,615)	\$ 1,002,201					
Shares issued on exercise of options	5	9,617,144	12,373,125	(8,458,801)	-	-	3,914,324					
Shares issued on exercise of warrants	5	475,843	194,150	(51,397)	-	-	142,753					
Subscription received in advance	5	-	-	-	1,310,681	-	1,310,681					
Shared-based payments	5	-	-	5,916,330	-	-	5,916,330					
Net loss for the period		-	-	-	-	(6,365,043)	(6,365,043)					
Balance, December 31, 2021		183,345,164	62,408,093	10,262,130	1,310,681	(68,059,658)	5,921,246					

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

RELIQ HEALTH TECHNOLOGIES INC.
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)

	Period ended,	
	December 31, 2021	December 31, 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss for the period	\$ (6,365,043)	\$ (6,772,506)
Items not affecting cash:		
Amortization	53,728	56,784
Accretion	19,028	17,323
Foreign exchange	1,683	-
Returns	42,951	30,538
Share-based payments	5,916,330	3,471,434
Changes in non-cash working capital items:		
Trade and other receivables	(3,651,592)	(280,054)
Inventory	442,962	300,540
Prepaid expenses	(181,188)	(63,236)
Accounts payable and accrued liabilities	(1,233,973)	(114,931)
Cash used in operating activities	<u>(4,955,114)</u>	<u>(3,354,108)</u>
Interest paid	-	-
Net cash used in operating activities	<u>(2,182,252)</u>	<u>(3,354,108)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds on redemption of term deposit	-	23,000
Cash from investing activities	<u>-</u>	<u>23,000</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from private placement		2,987,218
Proceeds from stock option exercises	3,914,324	1,369,769
Proceeds from warrant exercises	142,753	-
Repayment of lease liability	(70,815)	(69,684)
Cash from financing activities	<u>5,296,943</u>	<u>4,287,303</u>
Change in cash during the period	341,829	956,195
Cash, beginning of year	<u>226,299</u>	<u>12,799</u>
Cash, end of period	<u>\$ 568,128</u>	<u>\$ 968,994</u>

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

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(Expressed in Canadian Dollars)

RELIQ HEALTH TECHNOLOGIES INC. (the “Company”) is a publicly-listed company incorporated in British Columbia with limited liability under the legislation of the province of British Columbia and its shares are listed on the TSX Venture Exchange (the “Exchange”) under the symbol (“RHT”). The Company’s principal business is to develop innovative, secure telemedicine and virtual care solutions for the global healthcare market. Reliq’s iUGO Care technology platform is a comprehensive Software as a Service (SaaS) solution that allows complex patients to receive high quality care in the home, improving health outcomes, enhancing quality of life for patients and families and reducing the cost of care delivery.

The head office, principal address and the registered records address of the Company is situated at Suite 406A – 175 Longwood Rd S, Hamilton, ON, L8P 0A1.

1. GOING CONCERN

These condensed interim consolidated financial statements (“consolidated financial statements”) have been prepared on a going concern basis, which assumes that the Company will be able to meet its obligations and continue its operations for its next fiscal year. At December 31, 2021, the Company had not achieved profitable operations, had negative cash flows from operations, had accumulated a deficit of \$68,106,710 (June 30, 2021 - \$61,694,615) since inception and expects to incur further operating losses in the development of its business. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern and, therefore, the Company may be unable to realize its assets and discharge its liabilities in the normal course of business.

The Company’s ability to continue as a going concern is dependent upon its ability to obtain the necessary revenues from sales and/or cash from financing to continue to provide its goods and services to customers, meet its corporate overhead needs and discharge its liabilities as they come due. Although the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms advantageous to the Company.

These consolidated financial statements do not include any adjustments to the carrying amounts of assets, the reported revenues and expenses, and the balance sheet classifications used if the going concern basis was not appropriate.

2. BASIS OF PREPARATION

Statement of compliance

These condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with International Accounting Standards (“IAS”) 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”).

These condensed consolidated interim financial statements follow the same accounting policies and methods of application as the Company’s audited consolidated financial statements for the year ended June 30, 2021. The policies applied in these condensed consolidated interim financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements. These condensed consolidated interim financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended June 30, 2021.

Basis of presentation

These consolidated financial statements have been prepared on a historical cost basis. Significant accounting policies are presented in note 3 to these consolidated financial statements and have been consistently applied in each of the periods presented. Certain comparative information has been reclassified to conform to the current year’s presentation. These consolidated financial statements were authorized for issue by the Company’s Board of Directors on November 29, 2021.

Accounting estimates and judgements

The preparation of consolidated financial statements in accordance with IFRS requires management to make estimates and judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and may have an impact on future periods. The more significant areas requiring the use of management estimates and judgments are discussed below:

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian Dollars)

2. BASIS OF PREPARATION (continued)**Accounting estimates and judgements (continued)****i. Recovery of deferred tax assets**

Deferred tax assets, including those arising from tax loss carry-forwards, capital losses and temporary differences are recognized only where it is considered probable that they will be recovered, which is dependent on the generation of sufficient future taxable profits. Assumptions about the generation of future taxable profits depend on management's estimates of future cash flows.

Judgments are also required about the application of income tax legislation. These judgments and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and deferred tax liabilities recognized on the statement of financial position and the amount of other tax losses and temporary differences not yet recognized. In such circumstances, some or all of the carrying amounts of recognized deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit or charge to the statement of loss and comprehensive loss.

ii. Share-based payments

The amounts recorded for share-based compensation are based on estimates. The Black Scholes model is used to estimate the fair value of stock options at the date of grant based on estimates of assumptions for share price, expected volatility, expected number of options to vest, dividend yield, risk-free interest rate, and expected life of the options. Changes in these assumptions may result in a material change to the amounts recorded for share-based payments recorded in the statement of loss.

Functional and presentation currency

These consolidated financial statements are presented in Canadian dollars, which is also the Company's functional and presentation currency.

Basis of consolidation

These consolidated financial statements include the financial statements of the Company and the entities owned 100% by the Company, Mobsafety, Inc. and Carekit Health Corp. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

3. TRADE AND OTHER RECEIVABLES

	December 31, 2021		June 30, 2021	
Trade receivables	\$	5,537,104	\$	2,197,056
Other – GST receivable		119,118		37,286
		5,656,222		2,234,342
Less: provision for expected credit losses		-		39,081
	\$	5,656,222	\$	2,161,480

Estimates are used in determining the impairment loss related to trade receivables. These estimates are based on management's best estimate of the expected credit loss of the related receivable balance, which involves estimates around the cash flows that are expected to be received. The Company applies a simplified approach in calculating expected credit losses and recognizes a loss allowance based on lifetime expected credit losses at each reporting date.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

(Expressed in Canadian Dollars)

4. INVENTORY

The Company held inventory of \$216,703 as at December 31, 2021 (June 30, 2021 - \$545,766). Inventory consists of medical devices held for sale.

Inventory expensed in the consolidated statement of loss and comprehensive loss in cost of sales for the period ended December 31, 2021 was \$739,419 (2020 - \$113,684).

5. SHARE CAPITAL AND RESERVES**Authorized share capital**

Unlimited number of common and preferred shares without par value.

Issued and outstanding

During the period ended December 31, 2021, the Company:

- a) Issued 9,617,144 (2020 - 2,885,000) common shares upon the exercise of 9,617,144 (2,885,000) stock options for gross proceeds of \$3,914,351 (2020 - \$1,369,769). In connection with the exercise of stock options, the Company transferred the fair value of \$8,458,801 (2020 - \$1,249,357) from reserves to share capital.
- b) Issued 475,843 common shares upon the exercise of 475,843 warrants for gross proceeds of \$142,753 (2020 - \$Nil). In connection with the exercise of share purchase warrants, the Company transferred the fair value of \$51,397 (2020 - \$Nil) from reserves to share capital.
- c) During the period ended December 31, 2021, the Company received gross proceeds of \$1,310,681 pursuant to stock options exercised subsequent to the period end.

Stock options and warrants

Share purchase warrants and stock option transactions are summarized as follows:

	Share Purchase Warrants		Stock Options	
	Number	Weighted average exercise price	Number	Weighted average exercise price
Outstanding, June 30, 2020	1,236,159	0.18	10,997,500	0.44
Granted	6,987,829	0.30	20,625,000	0.31
Expired	-	-	(2,125,000)	0.47
Exercised	(1,353,027)	0.30	(15,621,000)	0.26
Outstanding, June 30, 2021	6,870,961	\$ 0.28	13,876,500	\$ 0.44
Exercised	(475,843)	0.30	(9,617,144)	0.41
Granted	-	-	11,720,000	0.72
Expired	-	-	(100,000)	0.48
Outstanding, December 31, 2021	6,395,117	0.27	15,879,356	0.62
Exercisable, December 31, 2021	6,395,117	\$ 0.27	14,388,523	\$ 0.60

Options were exercised on a regular basis throughout the fiscal year. The weighted average share price during the period was \$0.67 per common share (2021 - \$0.44).

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2021

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)**Stock options and warrants (continued)**

As at December 31, 2021, incentive stock options were outstanding as follows:

Number	Exercise price	Expiry Date	Weight Average Remaining Contractual Life (years)
650,000	\$ 1.00	August 9, 2022	0.61
125,000	\$ 0.25	August 28, 2022	0.66
1,500,000	\$ 1.12	January 10, 2023	1.03
1,245,000	\$ 0.25	December 17, 2024	2.96
125,000	\$ 0.31	January 21, 2024	2.06
250,000	\$ 0.17	June 10, 2024	2.44
160,000	\$ 0.25	July 5, 2024	2.51
100,000	\$ 0.24	July 23, 2024	2.56
400,000	\$ 0.48	October 9, 2024	2.78
170,000	\$ 0.42	January 6, 2025	3.02
375,000	\$ 0.44	January 7, 2025	3.02
100,000	\$ 0.24	July 9, 2025	3.52
575,000	\$ 0.23	December 2, 2025	3.92
475,000	\$ 0.23	February 1, 2026	4.09
1,200,000	\$ 0.43	April 19, 2026	4.30
779,356	\$ 0.42	July 19, 2026	4.55
3,400,000	\$ 0.61	August 3, 2026	4.59
1,000,000	\$ 0.81	September 24, 2026	4.73
50,000	\$ 0.86	October 4, 2026	4.76
1,500,000	\$ 1.05	December 15, 2026	4.96
1,700,000	\$ 0.95	December 20, 206	4.97
15,879,356			

As at December 31, 2021, the weighted average remaining contract life of the stock options outstanding is 3.76 years.

As at December 31, 2021, share purchase warrants were outstanding as follows:

Number	Exercise price	Expiry Date
304,284	\$ 0.13	March 29, 2022
205,920	\$ 0.23	April 23, 2022
293,195	\$ 0.25	June 30, 2022
3,927,016	\$ 0.30	November 13, 2022
1,231,942	\$ 0.30	December 3, 2022
378,665	\$ 0.10	June 30, 2023
54,095	\$ 0.10	June 30, 2024
6,589,117		

As at December 31, 2021, the weighted average remaining contract life of the stock purchase warrants outstanding is 1.12 years.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)

Share-based payments

The Company's stock option plan reserves for issuance a maximum number of common shares equal to 10% of the number of issued and outstanding common shares of the Company. The exercise price of each option is to be determined by the Board of Directors, but shall not be less than the discounted market price as defined by the policies of the TSX Venture Exchange. The expiry date for each option should be for a maximum term of five years.

For the period ended December 31, 2021:

On December 2, 2020, the Company granted 850,000 stock options to staffs and consultants, with an exercise price of \$0.26 expiring on December 2, 2025. These options vest over 18 months and were valued at \$128,664 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: varied, expected life of options: varied, expected dividend yield: 0%, and risk-free interest rate: 0.31%. During the period ended December 31, 2021, the Company recorded a share-based payments of \$35,073.

On January 6, 2021, the Company granted 500,000 stock options to an officer of the Company, with an exercise price of \$0.415 expiring on January 6, 2026. These options vest over 12 months and were valued at \$140,420 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: varied, expected life of options: varied, expected dividend yield: 0%, and risk-free interest rate: 0.31%. During the period ended December 31, 2021, the Company recorded a share-based payments of \$27,276.

On July 19, 2021, the Company granted 2,470,000 stock options to consultants, with an exercise price of \$0.43 expiring on July 19, 2026. These options vested immediately and were valued at 860,297 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 119%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.71%.

On August 3, 2021, the Company granted 4,350,000 stock options to consultants, with an exercise price of \$0.61 expiring on August 3, 2026. These options vested immediately and were valued at \$2,178,978 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 119%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.68%.

On August 9, 2021, the Company granted 650,000 stock options to consultants, with an exercise price of \$1.00 expiring on August 9, 2026. These options vested immediately and were valued at \$503,240 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 108%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.43%.

On September 24, 2021, the Company granted 1,000,000 stock options to consultants, with an exercise price of \$0.81 expiring on September 24, 2021. These options vested immediately and were valued at \$663,276 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 118%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 0.91%.

On October 4, 2021, the Company granted 50,000 stock options to consultants, with an exercise price of \$0.86 expiring on October 4, 2026. These options vested immediately and were valued at \$34,150 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 112%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.08%.

On December 15, 2021, the Company granted 1,500,000 stock options to consultants, with an exercise price of \$1.05 expiring on December 15, 2026. These options vested immediately and were valued at \$1,207,402 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 105%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.26%.

On December 20, 2021, the Company granted 1,700,000 stock options to staffs and consultants, with an exercise price of \$0.95 expiring on December 2, 2026. These options vest over 18 months and were valued at \$1,208,147 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 101%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.22%. During the period ended December 31, 2021, the Company recorded a share-based payment of \$406,638 related to these options.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2021

(Expressed in Canadian Dollars)

5. SHARE CAPITAL AND RESERVES (continued)**Share-based payments (continued)**

For the period ended December 31, 2020:

On July 9, 2020, the Company granted 4,800,000 stock options to consultants, with an exercise price of \$0.235 expiring on July 9, 2025. These options vested immediately and were valued at \$740,683 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 120%, expected life of the options: 2.5 years, expected dividend yield: 0%, and risk-free interest rate: 0.29%.

On August 28, 2020, the Company granted 125,000 stock options to consultants, with an exercise price of \$0.25 expiring on August 28, 2022. These options vested immediately and were valued at \$20,792 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 118%, expected life of the options: 2.5 years, expected dividend yield: 0%, and risk-free interest rate: 0.29%.

On November 20, 2020, the Company granted 500,000 stock options to consultants, with an exercise price of \$0.26 expiring on November 20, 2025. These options vested immediately and were valued at \$176,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%.

On December 2, 2020, the Company granted 6,250,000 stock options to consultants, with an exercise price of \$0.26 expiring on December 2, 2025. These options vested immediately and were valued at \$2,200,000 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%.

On December 2, 2020, the Company granted 850,000 stock options to staff, with an exercise price of \$0.26 expiring on December 2, 2025. These options vest over 18 months and were valued at \$299,200 using the Black-Scholes Option Pricing Model using the following assumptions: expected volatility: 100%, expected life of the options: 5 years, expected dividend yield: 0%, and risk-free interest rate: 1.66%. During the period ended December 31, 2020, the Company recorded a share-based payment of \$74,800 related to these options.

6. RELATED PARTY TRANSACTIONS

The remuneration of the key management personnel, comprised of the directors and officers is as follows:

a) Key management personnel compensation

Key management compensation comprised the following.

		For the period ended,	
		December 31, 2021	December 31, 2020
Salaries and other compensation	\$	219,316	\$ 283,746
Short-term employee benefits		-	59,652
Share based payments		487,618	-
	\$	706,934	\$ 343,397

The aggregate value of transactions and outstanding balances related to key management personnel and entities over which they have control or significant influence were as follows.

		For the period ended	
		December 31, 2021	December 31, 2020
Transactions			
Office and administration ¹	\$	132,365	\$ 71,964
Management and consulting fees ²		60,000	60,000
	\$	192,365	\$ 131,964

¹ Consists of paid professional, administrative, advertising and promotion fees paid to a company owned by a director of the Company.

² Consists of paid professional fees paid to a director of the Company.

As at December 31, 2021, the amount owed to related parties was \$Nil (June 30, 2021 - \$Nil).

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

December 31, 2021

(Expressed in Canadian Dollars)

7. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**Classification of financial instruments**

As at December 31, 2021	Financial assets – FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	\$	\$	\$
Cash	568,128	-	-
Term deposits	100,000	-	-
Trade and other receivables	-	5,656,222	-
Accounts payable and accrued liabilities	-	-	822,884
Loan payable	-	-	40,000
Lease liabilities	-	-	316,956

As at June 30, 2021	Financial assets – FVTPL	Financial assets – amortized costs	Financial liabilities – amortized costs
	\$	\$	\$
Cash	226,299	-	-
Term deposits	100,000	-	-
Trade and other receivables	-	2,161,480	-
Accounts payable and accrued liabilities	-	-	2,056,857
Loan payable	-	-	40,000
Lease liabilities	-	-	362,737

The carrying values of the Company's financial instruments carried at amortized cost approximate fair values due to their short duration. The Company's financial instruments are exposed to certain financial risks including credit risk, liquidity risk, and currency risk. The Company's exposure to these risks and its methods of managing the risks remain consistent. The Company is exposed to the following risks related to financial assets and liabilities:

a) Currency risk

Currency risk is the risk that variations in exchange rates between U.S. and Canadian currencies will affect the Company's operating and financial results. The Company's activities that result in exposure to fluctuations in foreign currency exchange rates consist of the sale of products and services to customers in foreign currencies and the purchases of hardware from suppliers invoiced in foreign currencies. The Company does not use derivative instruments to reduce its exposure.

b) Credit risk

Credit risk refers to the potential that a customer or counterparty to a financial instrument will fail to discharge its contractual obligations, and arises principally from the Company's receivables from customers and its cash. The maximum credit risk exposure for these balances is the carrying values of these items.

The Company attempts to mitigate its credit risk over cash by dealing only with large financial institutions with good credit ratings. All of the financial institutions that the Company deals with meet these qualifications.

The Company is exposed to credit risk from customers. The Company performs ongoing credit evaluations of new and existing customers' financial condition and reviews the collectability of its trade accounts receivable in order to mitigate any possible credit losses.

Allowance for doubtful accounts and past due receivables are reviewed by management at each reporting date.

c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company collecting its accounts receivable in a timely manner and by maintaining sufficient cash in excess of anticipated needs. At December 31, 2021, the Company had cash and term deposits of \$568,128 (June 30, 2021 - \$326,299) to settle accounts payable and accrued liabilities of \$822,884 (June 30, 2021 - \$2,056,857). The Company has assessed liquidity risk as moderate.

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian Dollars)

8. CAPITAL MANAGEMENT

The Company considers its capital to be comprised of shareholders' equity.

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 and warrants. Although the Company has been successful at raising funds in the past through the issuance of capital stock, it is uncertain whether it will continue this method of financing due to the current difficult market conditions.

In order to facilitate 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.

There have been no changes to the Company's approach to capital management during the year.

9. CONTINGENCIES

The Company is aware of a Notice of Claim that was filed with the Supreme Court of British Columbia on November 20, 2019, under the Class Proceedings Act, RSBC 1996, c 50, relating to statements made by the Company in 2018. The claim has been filed by a single shareholder who holds less than 3,000 shares in the Company.

10. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES**Right-of-Use Assets**

	Property Leases
Cost:	\$
At June 30, 2020	456,228
Additions	63,262
At June 30, 2021	519,490
Foreign exchange	4,323
At December 31, 2021	523,813
Depreciation:	
At June 30, 2020	110,081
Charge for the year	125,756
At June 30, 2021	235,837
Change for the period	53,728
At December 31, 2021	289,565
Net Book Value:	
At June 30, 2021	283,653
At December 31, 2021	234,248
Lease liabilities	
	\$
Lease liabilities at June 30, 2020	420,045
Additions	63,262
Lease payments made	(167,189)
Interest expense on lease liabilities	46,619
At June 30, 2021	362,737
Lease payments made	(70,815)
Foreign exchange	6,006
Interest expense on lease liabilities	19,028
	316,956
Less: current portion	122,463
At December 31, 2021	194,493

RELIQ HEALTH TECHNOLOGIES INC.**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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(Expressed in Canadian Dollars)

11. SEGMENTED INFORMATION

The assets and operations of the Company are located in Canada and the United States. The Company has one reportable business segment in the development of innovative software solutions for the Community Care market.

	Canada \$	USA \$	Total \$
December 31, 2021			
Revenues	-	3,748,293	3,748,293
Total expenses	(7,368,071)	(2,745,265)	(10,113,336)
Net loss	(7,368,071)	1,003,028	6,365,043
December 31, 2020			
Revenues	-	618,716	618,716
Total expenses	(5,646,346)	(1,443,776)	(7,090,112)
Net loss	(5,646,346)	(825,060)	(6,471,396)
As at December 31, 2021			
Current assets	1,037,257	5,829,581	6,866,838
Total assets	1,037,257	6,063,829	7,101,086
Current liabilities	(479,831)	(466,119)	(949,950)
Total liabilities	(519,228)	(660,612)	(1,179,840)
As at June 30, 2021			
Current assets	976,751	2,201,391	3,178,142
Total assets	1,260,404	2,201,391	3,461,795
Current liabilities	1,459,230	778,979	2,238,209
Total liabilities	1,680,615	778,979	2,459,594

12. COVID-19

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact across the world. This has resulted in governments worldwide, including the Canadian and Ontario governments, enacting emergency measures to combat the spread of the virus.

Several measures were put in place which include the implementation of travel bans, self-imposed quarantine periods and social distancing. These measures have caused material disruption to individuals, businesses and organizations globally and in Ontario resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions however the success of these interventions is not currently determinable.

At the time of approval of these financial statements, the Company has experienced and undertaken the following activities in relation to the COVID-19 pandemic:

- Receipt of the Canada Emergency Business Account loan in fiscal 2020 in the amount of \$40,000 which is interest-free with up to \$10,000 forgiven if fully repaid on or before December 31, 2022. Subsequently, the loan can be extended for an additional 3 years bearing interest of 5% per annum. The loan can be repaid at any time without penalty and no principal payments are required until December 31, 2025 when the full amount of the loan is due.
- Extension of customer payment terms.
- Mandatory working from home requirements for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause changes to the assets or liabilities and may have an impact on future operations. An estimate of the financial effect is not practicable at this time.

RELIQ HEALTH TECHNOLOGIES INC.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2021

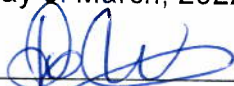
(Expressed in Canadian Dollars)

13. SUBSEQUENT EVENT

Subsequent to the period ended December 31, 2021, the Company issued 1,975,000 common shares upon the exercise of 1,975,000 stock options for gross proceeds of \$1,726,000.

Subsequent to the period ended December 31, 2021, the Company issued 226,388 common shares upon the exercise of 226,388 warrants for gross proceeds of \$67,916.

This is Exhibit "F" mentioned and referred to in the 1st Affidavit of Anthony O'Brien AFFIRMED before me at the City of Toronto, in the Province of Ontario, this 15th day of March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds LLP
Barristers and Solicitors. Expires: December 6, 2022

NEWS RELEASE

Reliq Health Technologies, Inc. Announces Settlement of Proposed Class Action

HAMILTON, ON, January 21, 2022 / Reliq Health Technologies Inc. (TSXV: RHT or OTC: RQHTF or WKN: A2AJTB) (“Reliq” or the “Company”) announced that it has entered into a settlement agreement (the “Settlement Agreement”) with respect to the proposed class proceeding commenced in November 2019 (the “Claim”) by a plaintiff investor against the Company and others in the Supreme Court of British Columbia relating to, amongst other allegations, the Company’s public disclosure in 2018 regarding the onboarding of patients to its remote patient monitoring software. The settlement is subject to court approval and other customary conditions.

While Reliq contested the Claim, it ultimately determined that it was in the best interests of the Company that it resolve the Claim to avoid the burden, expense and drain on management resources associated with continued litigation. As part of the Settlement Agreement, the Company and other defendants deny all allegations of wrongdoing and make no admissions of liability whatsoever. The Settlement Agreement includes a full and final release of the Company, the other defendants and other parties in respect of the Claim.

Pursuant to the Settlement Agreement, the Company will pay \$2.5 million, \$1.5 million of which is funded by insurance proceeds with the Company’s net contribution being \$1 million. The settlement funds have been transferred to Class Counsel and are being held in trust pending the outcome of the motion to the court to approve the settlement.

Dr. Lisa Crossley, the CEO of the Company commented, “Reliq’s Board and Management feel strongly that the resolution of this Claim is in the best interests of our shareholders, as it will allow the Company to move forward and focus all our efforts on growing the business.”

Reliq Health

Reliq Health Technologies is a rapidly growing global healthcare technology company that specializes in developing innovative Virtual Care solutions for the multi-billion dollar Healthcare market. Reliq’s powerful iUGO Care platform supports care coordination and community-based virtual healthcare. iUGO Care allows complex patients to receive high quality care at home, improving health outcomes, enhancing quality of life for patients and families and reducing the cost of care delivery. iUGO Care provides real-time access to remote patient monitoring data, allowing for timely interventions by the care team to prevent costly hospital readmissions and ER visits. Reliq Health Technologies trades on the TSX Venture under the symbol RHT, on the OTC as RQHTF and on the WKN as A2AJTB.

ON BEHALF OF THE BOARD

"Dr. Lisa Crossley"

CEO and Director

For further information please contact:

Company Contact

Investor Relations at ir@reliqhealth.com

US Investor Relations Contact

Investor Relations

Lytham Partners, LLC

Ben Shamsian

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Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Cautionary Statements Regarding Forward Looking Information

Certain statements in this press release constitute forward-looking statements, within the meaning of applicable securities laws. All statements that are not historical facts, including without limitation, statements regarding future estimates, plans, programs, forecasts, projections, objectives, assumptions, expectations or beliefs of future performance, are "forward-looking statements".

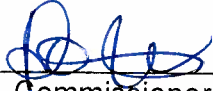
We caution you that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual and future events to differ materially from those anticipated in such statements.

Forward-looking statements include, but are not limited to, statements with respect to commercial operations, including technology development, anticipated revenues, projected size of market, and other information that is based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Reliq Health Technologies Inc. (the "**Company**") does not intend and does not assume any obligation, to update these forward-looking statements except as required by law. These forward-looking statements involve risks and uncertainties relating to, among other things, technology development and marketing activities, the Company's historical experience with technology development, uninsured risks. Actual results may differ materially from those expressed or implied by such forward-looking statements.

SOURCE: Reliq Health Technologies Inc.

This is Exhibit "G" mentioned
and referred to in the 1st
Affidavit of Anthony O'Brien
AFFIRMED before me at the
City of Toronto, in the Province
of Ontario, this 15th day of
March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022

DISTRIBUTION PROTOCOL

This Distribution Protocol should be read in conjunction with the Settlement Agreement dated November 24, 2021 (“**Settlement Agreement**”).

DEFINED TERMS

1. Unless otherwise defined herein, capitalized terms used are as defined in the Settlement Agreement. In addition, the following definitions apply to this Distribution Protocol:
 - (a) **Acquisition Expense** means the price per security paid by a Claimant (including brokerage commissions) to acquire an Eligible Security;
 - (b) **Claimant** means a Class Member who submits a properly completed Claim Form and all required supporting documentation to the Administrator on or before the Claims Bar Deadline;
 - (c) **Claims Bar Deadline** means 11:59pm Vancouver (Pacific) time on the date that is one hundred and eighty (180) calendar days after the date on which the First Notice is first published or such other date as may be fixed by the Court;
 - (d) **Disposition Proceeds** means the price per security actually received by a Claimant on the disposition of an Eligible Security, without deducting any commissions paid in respect of the disposition;
 - (e) **FIFO** means “first in, first out”, whereby for the purpose of determining Claimants’ Notional Entitlement, securities are deemed to be sold in the same order that they were purchased (e.g. the first Eligible Securities purchased by a Claimant are deemed to be the first Eligible Securities sold); and

- (f) **Notional Entitlement** means an Authorized Claimant's notional damages as calculated pursuant to the formulae set forth in this Distribution Protocol, which forms the basis upon which each Authorized Claimant's *pro rata* share of the Net Settlement Amount is determined.

OBJECTIVE

2. The objective of this Distribution Protocol is to equitably distribute the Net Settlement Amount among Authorized Claimants.

CALCULATION OF NOTIONAL ENTITLEMENT

3. The Net Settlement Amount will be distributed in accordance with this Distribution Protocol.
4. The Administrator shall apply FIFO to determine the purchase transactions that correspond to the sale of Eligible Securities, including in the calculation of an Authorized Claimant's Notional Entitlement.
5. The Administrator shall first determine a Claimant's Notional Entitlement. If the Claimant has a Notional Entitlement greater than zero, they become an Authorized Claimant, and the Administrator will go on to calculate the Authorized Claimant's monetary compensation. A Claimant must have a Notional Entitlement greater than zero in order to be eligible to receive a payment from the Net Settlement Amount.
6. Transfers of Reliq securities between accounts belonging to the same Claimant will not be taken into account in determining a Claimant's Notional Entitlement.
7. The date of a purchase or sale shall be the trade date of the transaction, as opposed to the settlement date of the transaction or the payment date.

8. An Authorized Claimant's Notional Entitlement will be calculated as follows:

- (a) **No Notional Entitlement shall be recognized for any Eligible Securities disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.**

Reliq Common Shares

- (b) **For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between the Acquisition Expense and the Disposition Proceeds.**
- (c) **For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):**
 - A. the difference between the Acquisition Expense and the Disposition Proceeds; and**
 - B. the difference between the Acquisition Expense and CAD\$0.49.**
- (d) **For each Reliq common share acquired from and including February 23, 2018 to and including October 15, 2018 and not yet disposed of, the Notional Entitlement shall be the difference between the Acquisition Expense and CAD\$0.49.**

Private Placement Units

- (e) **There shall be no Notional Entitlement for a Private Placement Unit where the Reliq common share acquired as part of the Private Placement Unit was**

disposed of before the close of trading on the TSX Venture Exchange on October 15, 2018.

- (f) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80.
 - (g) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit was disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
 - A. the difference between CAD\$1.12 and the Disposition Proceeds for the common share, multiplied by 0.80; and
 - B. CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
 - (h) For each Private Placement Unit, where the Reliq common share acquired as part of the Private Placement Unit has not yet been disposed of, the Notional Entitlement shall be CAD\$0.50 (calculated as the difference between CAD\$1.12 and CAD\$0.49, being CAD\$0.63, multiplied by 0.80).
9. Reliq common shares acquired through the exercise of a Reliq common share purchase warrant that was acquired as part of the Private Placement Units in the private placement that closed on or around January 9, 2018 shall be deemed not to be Eligible Securities.
 10. Where a Claimant acquired Eligible Securities through the exercise of a Reliq common share purchase warrant that was not acquired as part of the Private Placement Units in the

private placement that closed on or around January 9, 2018, the Acquisition Expense for those Eligible Securities so acquired shall be equivalent to the total monies paid to exercise or convert the common share purchase warrants per Eligible Security. For greater certainty, where Eligible Securities were issued to a Claimant without any further monies having been paid for the exercise or conversion of the share purchase warrants, the Administrator shall treat any such Eligible Securities as having an Acquisition Expense of zero.

CALCULATION OF MONETARY COMPENSATION AND DISTRIBUTION

11. Each Authorized Claimant's actual compensation shall be the portion of the Net Settlement Amount equivalent to the ratio of his, her or its Notional Entitlement to the total Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator.
12. Compensation shall be paid to Authorized Claimants in Canadian currency.
13. If, one hundred eighty (180) days from the date on which the Administrator distributes the Net Settlement Amount to Authorized Claimants, the Escrow Account remains in a positive balance (whether due to tax refunds, uncashed cheques, or otherwise), the Administrator shall, if feasible, reallocate such balance among the Authorized Claimants in an equitable and economic fashion. If, in the opinion of the Administrator, it is not feasible to reallocate any remaining balance among the Authorized Claimants in an equitable and economic fashion, such balance shall be distributed to the Law Foundation of British Columbia.
14. By agreement between the Administrator and Class Counsel, any deadline contained in this Distribution Protocol may be extended. Class Counsel and the Administrator shall agree to extend a deadline(s) if, in their opinions, doing so will not adversely affect the efficient administration of the Settlement and it is in the best interests of the Class to do so.

CLAIMS PROCESS

15. In order to seek payment from the Settlement Amount, a Class Member shall submit a completed Claim Form to the Administrator on or before the Claims Bar Deadline.
16. The Administrator shall review each Claim Form and verify that the Claimant is eligible for compensation from the Net Settlement Amount, as follows:
 - (a) for a Claimant claiming as a Class Member, the Administrator shall be satisfied that the Claimant is a Class Member;
 - (b) for a Claimant claiming on behalf of a Class Member or a Class Member's estate, the Administrator shall be satisfied that:
 - A. the Claimant has authority to act on behalf of the Class Member or the Class Member's estate in respect of financial affairs;
 - B. the person or estate on whose behalf the claim was submitted was a Class Member; and
 - C. the Claimant has provided all supporting documentation required by the Claim Form or alternative documentation acceptable to the Administrator.
17. The Administrator shall ensure that only claims for compensation in respect of Eligible Securities in the Claim Form are approved.
18. If, for any reason, a Claimant is unable to complete the Claim Form then it may be completed by the Claimant's personal representative or a member of the Claimant's family duly authorized by the Claimant to the satisfaction of the Administrator.

IRREGULAR CLAIMS

19. The claims process is intended to be expeditious, cost effective and “user friendly” to minimize the burden on Claimants. The Administrator shall, in the absence of reasonable grounds to the contrary, assume Claimants to be acting honestly and in good faith. The Administrator shall use email for correspondence with Claimants to the maximum extent possible.
20. Where a Claim Form contains minor omissions or errors, the Administrator shall correct such omissions or errors if the information necessary to correct the error or omission is readily available to the Administrator.
21. In order to remedy any deficiency in the completion of a Claim Form, the Administrator may require and request that additional information be submitted by a Class Member who submits a Claim Form. Such Class Members shall have until the later of sixty (60) days from the date of the request from the Administrator or the Claims Bar Deadline to rectify the deficiency. Any person who does not respond to such a request for information within this period shall be forever barred from receiving any payments pursuant to the Settlement, subject to any order of the Court to the contrary, but will in all other respects be subject to and bound by the provisions of the Settlement Agreement and the releases contained therein.
22. The claims process is also intended to prevent fraud and abuse. If, after reviewing any Claim Form, the Administrator believes that the claim contains unintentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator may disallow the claim in its entirety or make such adjustments so that an appropriate Notional Entitlement is allocated to the Claimant. If the Administrator believes

that the claim is fraudulent or contains intentional errors which would materially exaggerate the Notional Entitlement of the Claimant, then the Administrator shall disallow the claim in its entirety.

23. Where the Administrator disallows a claim in its entirety, the Administrator shall send to the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice advising that the claim has been disallowed and that the Claimant may request the Administrator to reconsider its decision. For greater certainty, a Claimant is not entitled to a notice or a review where a claim is allowed but the Claimant disputes the amount of his, her or its Notional Entitlement or his, her or its individual compensation.
24. Any request for reconsideration must be received by the Administrator within 45 days of the date of the notice advising of the disallowance. If no request is received within this time period, the Claimant shall be deemed to have accepted the Administrator's determination and the determination shall be final and not subject to further review by any court or other tribunal.
25. Where a Claimant files a request for reconsideration with the Administrator, the Administrator shall advise Class Counsel of the request and conduct an administrative review of the Claimant's complaint.
26. Following its determination in an administrative review, the Administrator shall advise the Claimant of its determination. In the event the Administrator reverses a disallowance, the Administrator shall send the Claimant, at the email or postal address provided by the Claimant or the Claimant's last known email or postal address, a notice specifying the revision to the Administrator's disallowance.

27. The determination of the Administrator in an administrative review is final and is not subject to further review by any court or other tribunal.
28. Any matter not referred to above shall be determined by analogy by the Administrator in consultation with Class Counsel.
29. No action shall lie against Class Counsel or the Administrator for any decision made in the administration of the Settlement Agreement and the Distribution Protocol without an order from a Court authorizing such an action.

This is Exhibit "H" mentioned
and referred to in the 1st
Affidavit of Anthony O'Brien
AFFIRMED before me at the
City of Toronto, in the Province
of Ontario, this 15th day of
March, 2022.



A Commissioner, etc.

Donna Lynn McEvoy, a Commissioner, etc.,
Province of Ontario, for Siskinds ^{LLP}
Barristers and Solicitors. Expires: December 6, 2022

GUIDE TO THE DISTRIBUTION PROTOCOL

This document is intended as a guide to assist in understanding the Distribution Protocol. Calculation of specific potential entitlements may vary depending on facts applicable to individual Class Members. If anything in this guide is inconsistent with any provisions in the Distribution Protocol, the provisions in the Distribution Protocol will apply. The Distribution Protocol can be found at: <https://www.siskinds.com/class-action/reliq-health-technologies-inc/>.

PART 1 - BACKGROUND

The Settlement Agreement dated November 24, 2021 provides for the amount of \$2.5 million to be paid into a fund to be distributed to Authorized Claimants, after deductions for certain expenses as described below. The Distribution Protocol sets out the method for the distribution of the remainder among Authorized Claimants.

Q: Who are Authorized Claimants?

An Authorized Claimant is a Class Member who has submitted a completed Claim Form which, pursuant to the terms of the Agreement and the Distribution Protocol, has been approved for compensation by the Administrator in accordance with the Distribution Protocol.

Class or Class Members means, except for Excluded Persons or Opt Out Parties:

all persons and entities, wherever they may reside or be domiciled, who acquired Private Placement Units in Reliq's private placement of 8,928,571 Private Placement Units at a price of \$1.12 per Private Placement Unit that closed on or around January 9, 2018; and

all persons and entities, wherever they may reside or be domiciled, who acquired Reliq securities during the period from and including February 23, 2018 to and including October 15, 2018.

The terms "Excluded Persons" and "Opt Out Parties" have the meanings given to them in the Settlement Agreement and, as applicable, the Order of the Court dated December 8, 2021.

Q: How much money will be distributed to Authorized Claimants?

Certain expenses will be deducted from the Settlement Amount before the balance is distributed to Authorized Claimants. Those expenses include legal fees, disbursements, taxes, the costs of providing notice to Class Members and settlement administration expenses. All expenses must be approved by the Court. The remainder, after the deduction of these Court approved expenses, is called the "Net Settlement Amount." The precise amount of the Net Settlement Amount will only be known at the end of the claims administration process. The Net Settlement Amount will be distributed to Authorized Claimants in accordance with the Distribution Protocol.

PART 2 - DISTRIBUTION OF THE NET SETTLEMENT AMOUNT

Each Authorized Claimant's actual compensation shall be the portion of the Net Settlement Amount equivalent to the ratio of his, her, or its Notional Entitlement (explained below) to the

total Notional Entitlements of all Authorized Claimants multiplied by the Net Settlement Amount, as calculated by the Administrator.

For illustration purposes only, if an Authorized Claimant's Notional Entitlement is \$20,000.00, and the total Notional Entitlements of all Authorized Claimants is \$2,000,000, then the Authorized Claimant's entitlement to compensation would be 1% of the Net Settlement Amount (\$20,000/\$2,000,000).

PART 3 – ELIGIBILITY & DETERMINING ENTITLEMENTS

Q: Which Reliq Securities are eligible?

Eligible Securities, as that term is used in the Settlement Agreement and Distribution Protocol, are Reliq Securities, the acquisition of which made a person a Class Member. In other words, assuming you are not an "Excluded Person" or an "Opt Out Party", the Reliq common shares you acquired from February 23, 2018 to October 15, 2018 and the Private Placement Units you acquired in the private placement closing on or around January 9, 2018 are "Eligible Securities".

Q: How will each Authorized Claimant's Notional Entitlement be calculated?

Formula for common shares: The formula for calculating an Authorized Claimant's Notional Entitlement for Reliq common shares acquired from February 23, 2018 to October 15, 2018 varies depending on when the Authorized Claimant disposed of the common shares, as follows:

- (a) For each Reliq common share disposed of between October 16, 2018 and October 29, 2018, the Notional Entitlement shall be the difference between the Acquisition Expense and the Disposition Proceeds.
- (b) For each Reliq common share disposed of on or after October 30, 2018, the Notional Entitlement shall be the lesser of (A) and (B):
 - (A) the difference between the Acquisition Expense and the Disposition Proceeds; and
 - (B) the difference between the Acquisition Expense and CAD\$0.49.
- (c) For each Reliq common share not yet disposed of, the Notional Entitlement shall be the difference between the Acquisition Expense and CAD\$0.49.

Acquisition Expense means the price paid to acquire the common share, including brokerage commissions.

Disposition Proceeds means the price per common share received for the sale of the share.

CAD\$0.49 is the 10-day volume weighted average share price following the October 16, 2018 public correction of the misrepresentations.

Formula for Private Placement Units: The formula for calculating the Notional Entitlement for Private Placement Units is the same as for common shares except: (i) the Acquisition Expense for each Private Placement Unit is CAD\$1.12, which is the price paid to acquire each Private Placement Unit; and (ii) a 20% deduction is applied.

Examples for illustration purposes only:

Example 1:

For a Class Member who acquired 100 of Reliq's common shares on March 23, 2018 for \$2.01 (including brokerage fees) per share and disposed of those shares on October 18, 2018 for \$0.37 per share, the Notional Entitlement would be \$164:

Acquisition Expense: $\$2.01 * 100 = \201

Disposition Proceeds: $\$0.37 * 100 = \37

Acquisition Expense less Disposition Proceeds: $\$201 - \$37 = \underline{\$164}$

Example 2:

For a Class Member who acquired 100 of Reliq's common shares on March 23, 2018 for \$2.01 (including brokerage fees) per share and disposed of those shares on October 31, 2018 for \$0.43 per share, the Notional Entitlement would be \$152:

Acquisition Expense: $\$2.01 * 100 = \201

Disposition Proceeds: $\$0.43 * 100 = \43

CAD\$0.49 per share: $\$0.49 * 100 = \49

Acquisition Expense less Disposition Proceeds: $\$201 - \$43 = \$158$

Acquisition Expense less CAD\$0.49 per share: $\$201 - \$49 = \$152$

Lower amount applies = \$152

Example 3:

For a Class Member who acquired 100 of Reliq's common shares on March 23, 2018 for \$2.01 (including brokerage fees) per share and has not yet disposed of those shares, the Notional Entitlement would be \$152:

Acquisition Expense: $\$2.01 * 100 = \201

CAD\$0.49 per share: $\$0.49 * 100 = \49

Acquisition Expense less CAD\$0.49 per share: $\$201 - \$49 = \underline{\$152}$

Example 4:

For a Class Member who acquired 100 of Reliq's Private Placement Units in the private placement that closed on or around January 9, 2018 and has not yet disposed of those shares, the Notional Entitlement would be \$50:

$$\$0.50 * 100 = \underline{\$50}$$

\$0.50 is calculated as the difference between \$1.12 and \$0.49, being \$0.63, multiplied by 0.80.

PART 4 - CURRENCY

All funds will be paid in Canadian currency.

PART 5 - PAYMENTS TO AUTHORIZED CLAIMANTS

The claims administrator will make payment to Authorized Claimants by cheque or electronic transfer in Canadian currency.

PART 6 - REMAINING AMOUNTS

If Authorized Claimants do not cash cheques within 180 days after the date of distribution or funds otherwise remain after the Authorized Claimants are paid, the aggregate amount of such uncashed cheques will be allocated among all other Authorized Claimants, if feasible. If not feasible, such balance shall be allocated to the Law Foundation of British Columbia.