

FORM 7
MONTHLY PROGRESS REPORT
For the Month of September, 2016

Name of CSE Issuer: **Healthspace Data Systems Ltd. (the “*Issuer*”).**

Trading Symbol: **HS**

Number of Outstanding Listed Securities: **82,326,272 common shares**

Date of filing: **October 4, 2016**

Report on Business

1. Provide a general overview and discussion of the development of the Issuer’s business and operations over the previous month. Where the Issuer was inactive disclose this fact.

Healthspace continues to take its HS Touch App to the market and has received very positive feedback from its user base. The HSTouch product is an iPad and Android native app that allows inspectors to work in the field conducting inspections.

Healthspace continues to build out its cloud infrastructure which will reflect a positive impact on the company’s service offerings and provide expansion selling opportunities. The HSCloud product is the only of its kind in the market as it allows the customer to customize and set up the software to suit their business needs, without the need of long development cycles.

Healthspace is leading the industry with these innovative products to further improve the public health industry and government SaaS space.

2. Provide a general overview and discussion of the activities of management.

Please see item 1

3. Describe and provide details of any new products or services developed or offered. For resource companies, provide details of new drilling, exploration or production programs and acquisitions of any new properties and attach any mineral or oil and gas or other reports required under Ontario securities law.

Please see description above. Also, on September 12, 2016 the Company launched its new corporate website: www.healthspace.com – please see News Release disseminated on September 12, 2016.

4. Describe and provide details of any products or services that were discontinued. For resource companies, provide details of any drilling, exploration or production programs that have been amended or abandoned.

None.

5. Describe any new business relationships entered into between the Issuer, the Issuer's affiliates or third parties including contracts to supply products or services, joint venture agreements and licensing agreements etc. State whether the relationship is with a Related Person of the Issuer and provide details of the relationship.

None.

6. Describe the expiry or termination of any contracts or agreements between the Issuer, the Issuer's affiliates or third parties or cancellation of any financing arrangements that have been previously announced.

None.

7. Describe any acquisitions by the Issuer or dispositions of the Issuer's assets that occurred during the preceding month. Provide details of the nature of the assets acquired or disposed of and provide details of the consideration paid or payable together with a schedule of payments if applicable, and of any valuation. State how the consideration was determined and whether the acquisition was from or the disposition was to a Related Person of the Issuer and provide details of the relationship.

None.

8. Describe the acquisition of new customers or loss of customers.

On September 20, 2016 the Company announced that it signed an annual contract with the Tennessee Department of Health. The contract includes an initial set up and license value of USD \$58,500 and reoccurring annual revenues of USD \$42,000.

9. Describe any new developments or effects on intangible products such as brand names, circulation lists, copyrights, franchises, licenses, patents, software, subscription lists and trade-marks.

None.

10. Report on any employee hirings, terminations or lay-offs with details of anticipated length of lay-offs.

None.

11. Report on any labour disputes and resolutions of those disputes if applicable.

None.

12. Describe and provide details of legal proceedings to which the Issuer became a party, including the name of the court or agency, the date instituted, the principal parties to the proceedings, the nature of the claim, the amount claimed, if any, if the proceedings are being contested, and the present status of the proceedings.

None.

13. Provide details of any indebtedness incurred or repaid by the Issuer together with the terms of such indebtedness.

None.

14. Provide details of any securities issued and options or warrants granted.

On September 30, 2016 the Company announced the close of its first tranche of financing.

The Company closed its previously announced offering of \$1,500,000 in secured convertible debentures (the “Debenture Offering”) and the first tranche of its previously announced offering of units consisting of one common share in the capital of the Company (a “Share”) and one half of one Share purchase warrant (each whole Share purchase warrant, a “Warrant”) (the “Units”) at a purchase price of \$0.05 per Unit for gross proceeds of \$1,595,352 for 31,907,040 Units (the “Equity Offering”, and together with the Debenture Offering, the “Financing”).

The Debenture Offering consisted of \$1,500,000 in secured convertible debentures with a maturity date of two years following closing of the Debenture Offering, at an interest rate of 10% per annum, and a conversion price equal to CAD \$0.075 per Share in the first 12 months from issuance of the Debenture and CAD \$0.10 per Share thereafter.

The Equity Offering was oversubscribed, and increased to a maximum of 36,000,000 Units, of which 31,907,040 Units have been issued pursuant to the closing of the first tranche. Each Warrant is exercisable to purchase a Share for a period of twelve months at an exercise price of \$0.075 per Share, and is subject to acceleration in accordance with the terms disclosed in the Company’s news release of August 11, 2016.

In connection with the Financing, certain directors of the company participated in the sale of Shares held by such directors for 2,749,000 common shares at \$0.055 per share (the “Sale”). The funds from the sale has been used to facilitate the directors’ subscription in this placement. In connection with the Sale, the company will pay a fee of \$10,000 to Canaccord Genuity Corp.

The Company paid commissions to eligible finders consisting of total cash commissions of \$38,337 and the issuance of a total of 316,740 finders’ Warrants, in addition to 2,000,000 Shares issued by the Company to Canaccord Genuity Corp in connection with their services as an eligible finder for the Financing. Each finders’ Warrant entitles the holder to purchase one common share of the company at a price of \$0.075 cents per common share for a period of twelve months.

The proceeds of the Financing will be used by Healthspace to retire a \$2,185,000 debt facility with R.C. Morris & Company Special Opportunities Debt Fund II Limited Partnership and for general working capital purposes.

The Company also announced a private placement for the settlement of \$69,399.96 in debt to three creditors for services provided to the Company through the issuance of 1,156,666 shares at a price of \$0.06.

15. Provide details of any loans to or by Related Persons.

None.

16. Provide details of any changes in directors, officers or committee members.

On September 20, 2016 the Company announced the resignation of Christopher Morris as a Director of the Company.

17. Discuss any trends which are likely to impact the Issuer including trends in the Issuer's market(s) or political/regulatory trends.

None.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Certificate of Compliance.
2. As of the date hereof there were is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to CSE that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CSE Requirements (as defined in CSE Policy 1).
4. All of the information in this Form 7 Monthly Progress Report is true.

Dated: October 4, 2016

Conrad Krebs
Name of Director or Senior
Officer

"Conrad Krebs"
Signature

Chief Financial Officer
Official Capacity

<i>Issuer Details</i>		
Name of Issuer Healthspace Data Systems Ltd.	For Month End September, 2016	Date of Report YY/MM/DD 2016/10/04
Issuer Address 201 7491 Vedder Road		
City/Province/Postal Code Chilliwack, BC V2R 6E7	Issuer Fax No. ()	Issuer Telephone No. 1-866-860-4224
Contact Name Conrad Krebs	Contact Position CFO	Contact Telephone No. 1-866-860-4224