

1018763 B.C. Ltd.

Condensed Interim Financial Statements

For the six months ended June 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

1018763 B.C. Ltd.

Condensed Interim Statement of Financial Position

(Expressed in Canadian dollars)

	Notes	As at June 30, 2015 (Unaudited)	As at December 31, 2014
		\$	\$
Assets			
Current			
Cash		100,596	-
Total Assets		100,596	-
Liabilities			
Current Liabilities:			
Accounts payable		5,860	1,250
Total Liabilities		5,860	1,250
Shareholders' Equity (Deficiency)			
Share capital	4	127,500	-
Deficit		(32,764)	(1,250)
Total Shareholders' Equity (Deficiency)		94,736	(1,250)
Total Liabilities and Shareholders' Deficiency		100,596	-

Nature of Operations and Going Concern (Note 1)**Subsequent Events (Note 7)**

The accompanying notes are integral to these interim financial statements.

Approved on Behalf of the Board of Directors on August 19, 2015:

/s/ Nick Ayling

Director

1018763 B.C. Ltd.**Condensed Interim Statement of Operations and Comprehensive Loss**
(Expressed in Canadian dollars)

	Three Month Period Ended June 30, 2015 (unaudited)	Six Month Period Ended June 30, 2015 (unaudited)
	\$	\$
Expenses		
Consulting	9,000	9,000
Professional fees	2,050	12,900
Regulatory and transfer agent	9,530	9,614
Net loss and comprehensive loss for the period	(20,580)	(31,514)
Basic and diluted loss per Class A common share	(0.01)	(0.02)
Weighted average number of Class A common shares outstanding	3,199,290	1,599,645

The accompanying notes are integral to these interim financial statements.

1018763 B.C. Ltd.

Condensed Interim Statement of Changes in Shareholders' Equity (Deficiency)

(Expressed in Canadian dollars)

(Unaudited)

	Number of Class A Common Shares	Share Capital	Deficit	Total Shareholders' Equity (Deficiency)
		\$	\$	\$
Balance, December 31, 2014	1	-	(1,250)	(1,250)
Proceeds from private placement	4,250,000	127,500	-	127,500
Net loss for the period	-	-	(31,514)	(31,514)
Balance, June 30, 2015	4,250,001	127,500	(32,764)	94,736

The accompanying notes are integral to these interim financial statements.

1018763 B.C. Ltd.

Condensed Interim Statement of Cash Flows

June 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

	Six Month Period Ended June 30, 2015 (Unaudited)	Year Ended December 31, 2014
	\$	\$
Cash (used in) /provided by Operating activities:		
Net loss for the period	(31,514)	(1,250)
Change in non-cash working capital items:		
Accounts payable	4,610	1,250
Net cash flows used in operating activities	(26,904)	-
Financing activity		
Gross proceeds from private placement	127,500	-
Net change in cash	100,596	-
Cash, beginning of the period	-	-
Cash, end of the period	100,596	-
Interest paid	-	-
Income taxes paid	-	-

The accompanying notes are integral to these interim financial statements.

1018763 B.C. Ltd.

Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

1018763 B.C. Ltd. (the “Company”) was incorporated as a wholly-owned subsidiary of reporting issuer UWO Consulting Ltd. (“UWO”) on November 11, 2014 under the laws of British Columbia, Canada. Its head office and registered office are located at 605-815 Hornby Street, Vancouver, BC, V6Z 2E6, Canada.

The Company is in the business of consulting on capital markets, deal structuring, venture capital and corporate advisory.

These financial statements have been prepared on the basis of accounting principles applicable to a going concern which assumes the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company’s continuing operations, as intended, and its financial success may be dependent upon the extent to which it can successfully develop its business consulting on capital markets deal structuring, venture capital and corporate advisory.

The development of its business may take many years to be successful and the amount of resulting income, if any, is difficult to determine with any certainty. On June 30, 2015 the Company had not yet achieved profitable operations, had a net loss of \$31,514, a deficit of \$32,764 and working capital surplus of \$94,736, and expects to incur losses in the development of its business, all of which casts significant doubt about the Company’s ability to continue as a going concern.

2. BASIS OF PRESENTATION

These condensed interim financial statements are prepared in accordance with International Accounting Standards (“IAS”) 34, Interim Financial Reporting, as issued by the International Accounting Standards Board (“IASB”) on a basis consistent with the significant accounting policies disclosed in Note 3 of the most recent audited financial statements from the date of incorporation, November 11, 2014, to December 31, 2014. The condensed interim financial statements do not include all of the information required for full annual financial statements.

These financial statements are prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (“IASB”) and interpretations of the IFRS Interpretations Committee (“IFRIC”).

These financial statements are presented in Canadian dollars, which is the Company’s functional and reporting currency.

1018763 B.C. Ltd.

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Six months ended June 30, 2015

(Expressed in Canadian dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES**a. Significant accounting judgments and estimates**

The preparation of these condensed interim financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the interim financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The interim financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the interim financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

b. Cash and cash equivalents

Cash comprises of cash held at a Canadian financial institution and is highly liquid in nature. As at June 30, 2015, the Company had no cash equivalents.

c. Earnings (loss) per share

Basic earnings (loss) per share is computed by dividing net income (loss) available to common shareholders by the weighted average number of shares outstanding during the reporting period. Diluted earnings (loss) per share is computed similar to basic earnings (loss) per share except that the weighted average shares outstanding are increased to include additional shares for the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that outstanding stock options and warrants were exercised and that the proceeds from such exercises were used to acquire common stock at the average market price during the reporting periods.

4. SHARE CAPITAL**a. Authorized: unlimited Class A common shares without par value; and unlimited Class B preferred shares without par value (none issued).****b. Issued and Outstanding:**

One Class A common share was issued by the Company at \$0.01 per common share on November 11, 2014 to the incorporator (UWO).

On April 21, 2015 and April 24, 2015, the Company closed \$31,860 and \$95,640, respectively in private placements by issuing 4,250,000 Class A common shares at a price of \$0.03 per share.

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Notes to the Condensed Interim Financial Statements

Six months ended June 30, 2015

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5. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders. The Company considers the items included in shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets. The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions. To secure the additional capital necessary to pursue these plans the Company intends to raise additional funds through equity or debt financing. The Company is not subject to any capital requirements imposed by a regulator.

6. PROPOSED TRANSACTION

On July 21, 2015, the Company entered into a merger agreement with H-Source, Inc., a private company incorporated under the business laws of the State of Washington, whereby the Company will acquire 100% of the issued and outstanding common shares of H-Source, Inc. from all of its shareholders in exchange for Class A common shares of the Company and exchange certain securities of H-Source, Inc. with the Company's securities as detailed below. After the closing of the transaction the parties anticipate the Company will list its Class A common shares on the Canadian Securities Exchange (the "Exchange"). This merger agreement will constitute a reverse takeover of the Company by the shareholders of H-Source, Inc. as follows:

- upon closing of the merger the Company will issue: (1) 20,000,000 Class A common shares to the existing shareholders of H-Source, Inc. at a deemed price of \$0.15, in exchange for outstanding H-source common stocks held by the existing H-Source shareholders; (2) issue Company options in exchange for outstanding H-Source options and warrants; and (3) exchange H-Source's outstanding convertible bridge loan with an equivalent bridge loan issued by the Company;
- Concurrent with the closing of the transaction, the Company and H-Source, Inc. intend on completing an equity financing of up to \$2,500,000 at an intended price of \$0.15 per share. These funds will be held in escrow until the Company is listed on the Exchange;
- For this concurrent financing, a finder's fee is intended and is comprised of a cash fee equivalent to 7.5% of the concurrent financing received and common share purchase warrants equal to 7.5% of the number of shares issued in the financing. Each warrant is exercisable into a Class A common share at an exercise price of \$0.15 per share and for up to two years; and
- Upon the closing of the transaction and subject to the acceptance of the Exchange and obtaining the necessary approvals, the Company will issue 1,000,000 Class A common shares to two other finders assisting with the transaction as finder's fees for the transaction. If the transaction is not closed by December 31, 2015, the agreement for finder's fees will terminate.

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7. SUBSEQUENT EVENT

On July 9, 2015, the Company issued 280,000 Class A common shares at a price of \$0.03 per share for total proceeds of \$8,400.