**H-SOURCE HOLDINGS LTD.**

**FORM 51-102F4**

**BUSINESS ACQUISITION REPORT**

## Item 1 – Identity of Company

### *1.1 Name and Address of Company*

H-Source Holdings Ltd.
Suite 1980, 1075 West Georgia Street
Vancouver, BC V6E 3C9

H-Source Holdings Ltd. is referred to in this Report as the "Company".

### *1.2 Executive Officer*

The following executive officer of the Company is knowledgeable about the significant acquisition and this Report:

John Kupice, CEO and Director
H-Source Holdings Ltd.
Telephone: (604) 688-9588

## Item 2 – Details of Acquisition

### *2.1 Nature of Business Acquired*

The Company completed a plan of merger (the "Transaction") on August 31, 2015, whereby the Company acquired 100% of the issued and outstanding common shares of H-Source, Inc., a Washington State corporation ("HSI"), through the merger of the Company's wholly-owned subsidiary, BC Merger Sub. Inc., with HSI as the surviving subsidiary of the Company. Pursuant to the plan of merger, the Company issued an aggregate of 40,361,482 common shares to: (i) the shareholders of HSI, (ii) certain subscribers of a private placement, (iii) satisfy the conversion of a bridge loan and (iv) as further described in the Prospectus. Certain shares issued to the principals of the Company are subject to escrow conditions required by applicable securities laws and the Canadian Securities Exchange requirements.

For further details on the Transaction see the Company's final prospectus dated September 18, 2015 (the "Prospectus"), a copy of which is available under the Company's SEDAR profile at www.sedar.com.

### *2.2 Date of Acquisition*

The Transaction was completed on August 31, 2015.

### *2.3 Consideration*

Pursuant to the Transaction: (i) an aggregate of 20,000,000 common shares of the Company were issued to the shareholders of HSI, and (ii) all common share purchase warrants of HSI issued to agents in connection with the bridge loan and all options of HSI outstanding prior to August 31, 2015 were exchanged for options of the Company.

### *2.4 Effect on Financial Position*

Upon the completion of the Transaction, HSI became a wholly-owned subsidiary of the Company. The business and operations of HSI have been combined with those of the Company and are managed concurrently. Except as disclosed in this Report and the Prospectus, the Company currently has no plans or proposals for material changes in the business affairs of the Company or HSI which may have a significant effect on the results of operations or financial position of the Company.

In connection with the Transaction, certain directors and officers of HSI and the Company resigned. The following are the directors and officers of the Company following the completion of the Transaction:

Directors and Officers

John Thomas Kupice, CEO and Director
Jim Murray Walden, President and Director
Savio Chiu, Director
Ronald Perry Overstreet, Director
Denise Lok, CFO and Corporate Secretary

For details on the *pro forma* effect of the Transaction on the Company, see Item 3.

The information set above is a summary only and is qualified in its entirety by the information contained in the Prospectus and by the *pro forma* financial statements attached to this Report.

### *2.5 Prior Valuations*

No valuation opinions were obtained by the Company or, to the knowledge of the Company, by HSI, within the 12 months preceding the date of the Transaction.

### *2.6 Parties to Transaction*

The Transaction was not with an informed person, associate or affiliate of the Company.

### *2.7 Date of Report*

November 12, 2015

## Item 3 – Financial Statements

The financial statements required to be included in this Report are included in the Prospectus at Appendices, A, B, and C. The Prospectus is available on SEDAR under the Company's profile. The following financial statements included in the Prospectus are expressly incorporated by reference into and from an integral part of this Report:

(a) audited financial statements of the Company as at and for the year ended December 31, 2014 and unaudited interim financial statements at June 30, 2015;

(b) audited financial statements of HSI as at and for the year ended December 31, 2014 and unaudited interim financial statements of HSI at June 30, 2015; and

(c) unaudited *pro forma* consolidated financial position of the Company giving effect to the merger of HSI, as at June 30, 2015.

The Company has not requested nor obtained the consent of the auditors of the Company and HSI to incorporate the respective auditors' reports. However, the auditors of the Company and HSI did provide a written consent to include such auditors' reports in the Prospectus.