This Prospectus is not related to a public offering. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

PROSPECTUS

NON-OFFERING PROSPECTUS September 18, 2015

H-SOURCE HOLDINGS LTD.

(Formerly known as 1018763 B.C. Ltd.)
("BC Co")

This Prospectus is being filed with the British Columbia Securities Commission for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure published by the Canadian Securities Exchange.

No securities are being offered pursuant to this Prospectus. This Prospectus is being filed with the British Columbia Securities Commission for the purpose of providing full public disclosure regarding the merger of H-Source Holdings Ltd. (formerly 1018763 B.C. Ltd.) and a private company, H-Source, Inc., and the plans to seek a listing on the Canadian Securities Exchange. As no securities are being offered pursuant to this Prospectus, no proceeds will be raised in connection with this Prospectus.

The Canadian Securities Exchange has conditionally approved the listing of BC Co's Class A common shares. The listing is subject to BC Co fulfilling all of the listing requirements of the Canadian Securities Exchange including prescribed distribution and financial requirements.

There is no market through which the securities of BC Co may be sold. This may affect the pricing of BC Co's securities in the secondary markets; the transparency and availability of trading prices; the liquidity of BC Co's securities; and the extent of issuer regulation. See "Part IV – Risk Factors".

No underwriters or selling agents have been involved in the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus.

Three of the persons providing a certificate under part 5 of National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators, are incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or reside outside of Canada. The individuals, John Kupice, Ronald Overstreet and Murray Walden, have appointed Baron Global Financial Canada Ltd. of Suite 1980, 1075 West Georgia Street, Vancouver, British Columbia, V6E 3C9 as their respective agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

As at the date of this Prospectus, neither BC Co nor H-Source has any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside of Canada and the United States of American (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc).

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

H-Source Holdings Ltd.

Suite 1980 – 1075 West Georgia Street
Vancouver, British Columbia, Canada
V6E 4N7

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively "**forward-looking statements**"). The Issuer, H-Source and the Resulting Issuer are hereby providing cautionary statements identifying important factors that could cause the actual results of the Issuer, H-Source or the Resulting Issuer to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "may", "is expected to", "anticipates", "estimates", "intends", "plans", "projection", "could", "vision", "goals", "objective" and "outlook") are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements. In making these forward-looking statements, the Issuer, H-Source, Inc. and the Resulting Issuer have assumed that the current market will continue and grow and that the risks listed below will not adversely impact the business of the Issuer, H-Source or the Resulting Issuer.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Issuer, H-Source or the Resulting Issuer, that could influence actual results include, but are not limited to: completion of the Transaction to be subject to several conditions precedent, limited operating history, reliance on management, requirements for additional financing, competition, difficulty in forecasting sales, conflicts of interest, litigation, price fluctuation of the Resulting Issuer's shares, no earnings or dividend record, limited market for the Resulting Issuer's securities, technological changes, regulations and guidelines, intellectual property rights, low barriers to entry and competition from other group purchasing organizations, dependence on continued growth of developing online commerce market, capacity constraints, system failures, failure to maintain brand development, new services, features and functions, fluctuating consumer trends, uncertainties related to H-Source's service, changes in governmental and legal uncertainties, online commerce security risks, acquisitions, dependence on web infrastructure, risks related to information dissemination through H-Source's service, sales and other taxes, risks related to international operations, protecting intellectual property rights and other factors beyond the control of the Issuer, H-Source or the Resulting Issuer.

The forward-looking information contained in this Prospectus is based on a number of assumptions that may prove to be incorrect, including, but not limited to, assumptions about general business and economic conditions, changes in financial markets generally, the Resulting Issuer's ability to attract and retain skilled staff, and the Resulting Issuer's capital expenditure program. Although BC Co and H-Source have attempted to identify material factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, neither the Issuer, H-Source nor the Resulting Issuer undertake any obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the businesses of the Issuer, H-Source or the Resulting Issuer or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See "Part IV – Risk Factors".

MARKET AND INDUSTRY DATA

This Prospectus includes market and industry data that has been obtained from third party sources, including industry publications. The Resulting Issuer believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed

to be reliable, the Resulting Issuer has not independently verified any of the data from third party sources referred to in this Prospectus or ascertained the underlying economic assumptions relied upon by such sources.

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to $ or "dollars' are to Canadian dollars and references to "US$" are to United States dollars. All financial information with respect to the Issuer and H-Source has been presented in Canadian dollars in accordance with generally accepted accounting principles in Canada.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Issuer and H-Source are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"$"	Means Canadian dollars.
"Acquisition"	Means the reverse-takeover of BC Co by H-Source effected through the Merger.
"Affiliate"	Means a Company that is affiliated with another Company as described below: A Company is an "Affiliate" of another Company if: a) one of them is the subsidiary of the other, or b) each of them is controlled by the same Person. A Company is "controlled" by a Person if: a) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company. A Person beneficially owns securities that are beneficially owned by: a) a Company controlled by that Person, or b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person.
"Agency Agreement"	Means the agency agreement dated March 24, 2015 among H-Source, BC Co and the Agent in respect of the Private Placement Financing.
"Agent"	Means BayFront Capital Partners, Ltd.
"Applicable Washington State Law"	Means the WBCA.

"Arrangement"	Means the plan of arrangement whereby, BC Co, being a subsidiary of UWO Consulting Ltd. ("**BC Co Parent**"), entered into the Canadian Arrangement Agreement with BC Co Parent and nine (9) other wholly owned subsidiaries of BC Co Parent. The Canadian Arrangement Agreement and this Arrangement were approved by BC Co Parent shareholders on December 17, 2014 and approved by the British Columbia Supreme Court on December 19, 2014. The Arrangement as between BC Co Parent and BC Co was completed on August 31, 2015 and upon closing BC Co issued 1,010,549 of its Class A common shares to BC Co Parent, which shares were distributed to shareholders of BC Co Parent pursuant to the Canadian Arrangement Agreement.
"Associate"	When used to indicate a relationship with a Person or Company, means: a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer, b) any partner of the Person or Company, c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity, d) in the case of a Person, a relative of that Person, including i. that Person's spouse or child, or ii. any relative of the Person or of his spouse who has the same residence as that person; but e) where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding Company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding Company.
"BCBCA"	Means the *Business Corporations Act* (British Columbia).
"BC Co" or the "Issuer"	Means H-Source Holdings Ltd. (formerly 1018763 B.C. Ltd.)
"BC Co Auditor"	Means the auditor for BC Co, being Morgan & Company LLP.
"BC Co Parent"	Means UWO Consulting Ltd.
"BC Co Shares"	Means the Class A common shares in the capital of BC Co.
"Board" or "Board of Directors"	Means the board of directors of BC Co, H-Source or the Resulting Issuer, as applicable.
"Business Day"	Means a day other than Saturday, Sunday or a statutory holiday in Vancouver, British Columbia, Canada or Spokane, Washington, USA.
"Canadian Arrangement Agreement"	Means the arrangement agreement whereby BC Co Parent entered into with BC Co, and nine (9) other wholly owned subsidiaries of BC Co Parent, dated November 12, 2014, as amended on November 14, 2014, January 25, 2015, February 16, 2015 and April 13, 2015.

"CEO"	Means Chief Executive Officer.
"CFO"	Means Chief Financial Officer.
"Closing"	Means the completion of the transactions contemplated in the Merger Agreement.
"Closing Date"	Means August 31, being the Business Day on which all conditions set forth in the Merger Agreement were satisfied or waived.
"CSE" or the "Exchange"	Means the Canadian Securities Exchange.
"CSE Escrow Agreement"	Means the escrow agreement entered into on the Effective Date, among the Resulting Issuer, the Transfer Agent and certain shareholders, pursuant to which 9,852,166 Resulting Issuer Shares are held in escrow pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings*.
"CSE Escrow Shares"	Means the 9,852,166 Resulting Issuer Shares that are held in escrow pursuant to the CSE Escrow Agreement.
"Code"	Means the United States Internal Revenue Code of 1986, as amended.
"Company"	Unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual.
"Control Person"	Means any person or Company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer.
"Dissenting Shares"	Means any shares of the H-Source Shares that were outstanding immediately prior to the Effective Date with respect to which dissenters' rights to obtain payment for such dissenting shares in accordance with Applicable Washington State Law have been duly and properly exercised and perfected in connection with the Merger. There were nil Dissenting Shares exercised in connection with the Merger.
"Effective Date"	Means the effective date of the Merger, which being August 31, 2015, was the date of filing of the Articles of Merger with the Secretary of State of Washington.
"Effective Time"	Means the time set out in the Certificate of Merger for the Merger.
"Escrow Release Conditions"	Means the release conditions pursuant to the terms in the Agency Agreement.
"Escrowed Funds"	Means the escrowed funds pursuant to the terms in the Agency Agreement.
"Existing H-Source Stockholders"	Means the shareholders of H-Source as at Closing, as such shareholders are more particularly described in Schedule "B" of the Merger Agreement.

"Final Prospectus"	Means the (final) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE.
"Final Receipt"	Means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia.
"Finder Warrants"	Means the 1,319,050 non-transferable common share purchase warrants of H-Source issued to the Agent, or members of the Agent's selling group, in connection with the H-Source Bridge Loan and the Private Placement Financing, with each Finder Warrant entitling the Agent, or member of the Agent's selling group as the case may be, to acquire one (1) H-Source Share or one Resulting Issuer Share (an "**Finder Warrant Share**"), as applicable, at an exercise price equal to $0.15 per Finder Warrant Share for a period of expiring on (i) March 31, 2017, in the case of Finder Warrants issued in connection with the H-Source Bridge Loan and (ii) the date that is 24 months from the Closing Date, in the case of the Finder Warrants issued in connection with the Private Placement Financing.
"H-Source"	Means H-Source, Inc.
"H-Source Auditor"	Means the auditor for H-Source, Inc., being BDO USA, LLP.
"H-Source Bridge Loan"	Means the 10% unsecured convertible debentures of H-Source in the aggregate amount of $265,000, due November 13, 2015 and convertible at any time before maturity at the option of the holder, into H-Source Shares at a conversion price of $0.10 per H-Source Share. Conversion was automatically accelerated upon Closing and 2,774,149 Resulting Issuer Shares were issued to satisfy the conversion of the principal and interest of the H-Source Bridge Loan.
"H-Source Options"	Means the common share purchase options of H-Source issued by H-Source on Closing.
"H-Source Share"	Means the shares of common stock of H-Source.
"H-Source Stockholders"	Means holders of the H-Source Shares.
"H-Source Stockholders Approval"	Means a meeting of H-Source Stockholders held on August 26, 2015 for the purpose of voting upon approval and adoption of the Merger Agreement and approval of the Merger.
"Insider"	If used in relation to an issuer, means: a) a director or senior officer of the issuer; b) a director or senior officer of the Company that is an Insider or subsidiary of the issuer; c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer; or d) the issuer itself if it holds any of its own securities.

"Material Adverse"	Means, when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or otherwise) or capital of H-Source, or (b) prevents, or would reasonably be expected to prevent, H-Source from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which H-Source operates in general and which, in each case, does not have a materially disproportionate effect on H-Source relative to comparable entities operating in the industry in which H-Source conducts its business.
"Material Adverse Change" or "Material Adverse Effect"	Means with respect to BC Co or H-Source, as the case may be, any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of BC Co or H-Source, as the case may be, on a consolidated basis.
"Merger"	Means the merger transaction contemplated herein and the Merger Agreement that was structured as a reverse-takeover, specifically, as a triangular merger under the *Washington Business Corporation Act* (the "**WBCA**") among BC Co, Merger Co, and H-Source pursuant to which Merger Co was merged with and into H-Source, with H-Source as the surviving corporation on terms more particularly set forth in the Merger Agreement.
"Merger Agreement"	Means an agreement dated July 21, 2015 between BC Co Parent, BC Co, H-Source and Merger Co, a copy of which is attached as Appendix "D" hereto.
"Merger Co"	Means BC Merger Sub, Inc. incorporated as a direct, wholly owned subsidiary of BC Co under the WBCA on June 29, 2015, for the sole purpose of effecting the Merger with H-Source in connection with the Acquisition pursuant to the Merger Agreement. Following the Merger, H-Source is the surviving corporation. As a result of the Merger, Merger Co and H-Source will merge to create the operating subsidiary of the Resulting Issuer.
"Merger Co Shares"	Means all of the outstanding shares of common stock of Merger Co.
"Name Change"	Means a change of the name of BC Co from "1018763 B.C. Ltd." to "H-Source Holdings Ltd.".
"Net Proceeds"	Means the meaning given to the term in the Agency Agreement.
"NI 41-101"	Means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators.
"NI 45-106"	Means National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators.

"NI 52-110"	Means National Investment 52-110 – *Audit Committees*, of the Canadian Securities Administrators.
"Named Executive Officer" or "NEO"	Means: a) the CEO; b) the CFO; c) the Corporate Secretary; d) each of the issuer's three most highly compensated executive officers, other than the CEO and CFO, who were serving as executive officers at the end of the most recently completed financial year and whose total salary and bonus, individually, exceeds $150,000 per year; or e) any additional individuals for whom disclosure would have been provided under (c) except that the individual was not serving as an officer of the issuer at the end of the most recently completed financial year.
"Non Arm's Length Party"	Means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person.
"Non Arm's Length Transaction"	Means a proposed Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both BC Co and H-Source which is the subject of the proposed Transaction.
"Options"	Means options granted under the Stock Option Plan to acquire common shares of the Resulting Issuer.
"Person"	Means a Company or individual.
"Preliminary Prospectus"	Means the (preliminary) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE.
"Preliminary Receipt"	Means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia.
"Principal Regulator"	Means the British Columbia Securities Commission.
"Private Placement Financing"	Means the issuance of 17,587,333 Subscription Receipts completed in three tranches on March 24, 2015, April 2, 2015 and July 20, 2015, by way of a private placement by H-Source at a price of $0.15 per Subscription Receipt for aggregate gross proceeds to H-Source of $2,638,100.
"Prospectus"	Means, collectively, the Preliminary Non-Offering Prospectus and the Final Non-Offering Prospectus (including any Supplementary Material thereto).

"Related Person"	Means an Insider, which has the meaning set forth in the *Securities Act* (British Columbia): a) director or senior officer of the Resulting Issuer; b) a director or senior officer of the Company that is an insider or subsidiary of the Resulting Issuer; c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the Resulting Issuer; or d) the Resulting Issuer itself if it holds any of its own securities.
"Regulation D"	Means Regulation D promulgated under the U.S. Securities Act.
"Regulation S"	Means Regulation S promulgated under the U.S. Securities Act.
"Resulting Issuer"	Means BC Co effective on Closing.
"Resulting Issuer Bridge Loan"	Means the 10% unsecured convertible debenture of the Resulting Issuer issued to replace the H-Source Bridge Loan then outstanding, all on the same economic value and conversion right as the H-Source Bridge Loan.
"Resulting Issuer Options"	Means the Class A common share purchase options of the Resulting Issuer for which Finder Warrants and H-Source Options shall be exchanged as provided in the Merger Agreement, with each such Resulting Issuer Option having the same economic value as an Agent Option or H-Source Option, as the case may be.
"Resulting Issuer Shares"	Means the Class A common shares in the capital of the Resulting Issuer.
"SEDAR"	Means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrator.
"Stock Option Plan"	Means the incentive stock option plan of the Resulting Issuer as applicable, attached hereto as Appendix "E".
"Subscription Receipt"	Means the subscription receipts of H-Source issued under the Private Placement Financing, each automatically convertible into one (1) H-Source Share for no additional consideration upon satisfaction of the Escrow Release Conditions.
"Surviving Co"	Means H-Source, which shall be the surviving corporation of the Merger of Merger Co with and into H-Source pursuant to the Merger .
"Treasury Regulations"	Means the Treasury regulations promulgated under the Code, as such Treasury Regulations may be amended from time to time.
"Transfer Agent"	Means the transfer agent and registrar, Computershare Trust Company of the Resulting Issuer.
"Transaction"	Means the Merger pursuant to the Merger Agreement.
"WBCA"	Means the *Washington Business Corporation Act*, Title 23B RCW as amended.

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of this Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus.

Principal Business of BC Co

BC Co was incorporated on November 11, 2014 under the BCBCA as 1018763 B.C. Ltd. BC Co changed its name to "H-Source Holdings Ltd." on August 28, 2015.

BC Co was incorporated as a wholly-owned subsidiary of UWO Consulting Ltd. ("**BC Co Parent**"). BC Co entered into the Canadian Arrangement Agreement with BC Co Parent and nine (9) other wholly owned subsidiaries of BC Co Parent, dated November 12, 2014, as amended on November 14, 2014, January 25, 2015, February 16, 2015 and April 13, 2015. The Canadian Arrangement Agreement and the associated plan of arrangement were approved by BC Co Parent shareholders on December 17, 2014, and approved by the British Columbia Supreme Court on December 19, 2014.

Prior to Closing, BC Co did not conduct any material commercial operations other than entering into the Merger Agreement with H-Source.

The Transaction between BC Co and H-Source

Pursuant to the terms of the Canadian Arrangement Agreement, on August 31, 2015 BC Co Parent spun out BC Co to BC Co Parent shareholders in advance of the completion of the Merger in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators, and as a result of filing the Prospectus in British Columbia and completion of the Spin-out, BC Co became a reporting issuer in the Provinces of British Columbia and Alberta.

On June 29, 2015 BC Co incorporated under the WBCA, a wholly-owned subsidiary named BC Merger Sub, Inc.

On May 27, 2014 H-Source was incorporated under the WBCA.

BC Co Parent, BC Co, Merger Co and H-Source entered into the Merger Agreement dated July 21, 2015.

The Transaction was structured as a reverse-takeover, specifically, as a triangular merger under the WBCA among BC Co, Merger Co, and H-Source pursuant to which Merger Co was merged with and into H-Source, with H-Source as the surviving corporation on terms more particularly set forth in the Merger Agreement.

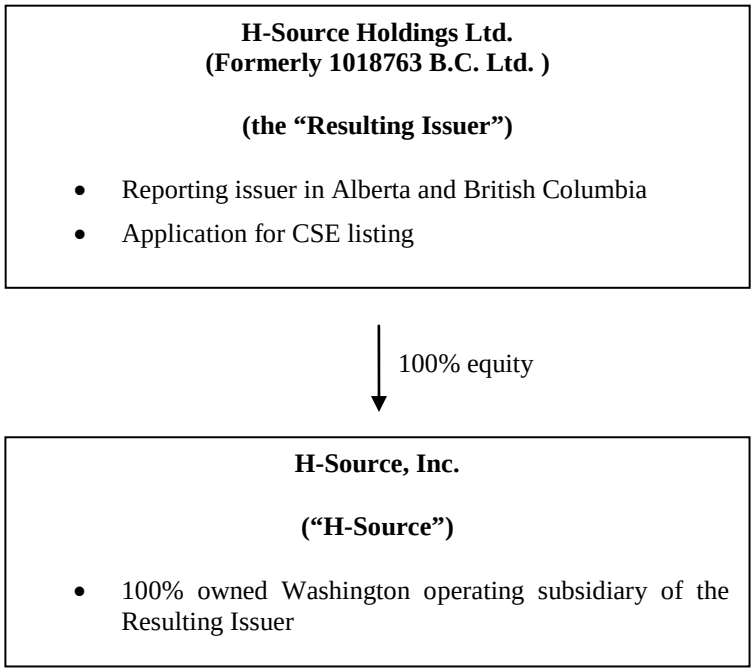
BC Co, in its capacity as the sole stockholder of Merger Co, approved the Merger on August 31, 2015.

BC Co Parent, BC Co, Merger Co and H-Source intend that, for U.S. federal income tax purposes, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code, that each of the Parties are "parties to a reorganization" within the meaning of Section 368(b) of the Code, and that this Agreement shall constitute a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g) as provided in the Merger Agreement.

On August 31, 2015 BC Co acquired a 100% interest in H-Source pursuant to and on the terms and subject to the conditions set out in the Merger Agreement dated July 21, 2015 among BC Co Parent, BC Co, Merger Co and H-Source, a copy of the Merger Agreement is attached as Appendix "D" to this Prospectus. Pursuant to the Merger, BC Co issued an aggregate of 22,774,149 common shares to the H-Source Stockholders and to satisfy the conversion of the H-Source Bridge Loan, along with other shares issued in connection with the Merger, see, "Part III – Information Concerning the Resulting Issuer – Description of Securities – Fully Diluted Share Capital". The Merger was approved unanimously by the shareholders of H-Source in August 2015, and approved by a written consent resolution of the boards of directors of the respective parties. As a result of the Merger, the former securityholders of H-Source became securityholders of the Resulting Issuer.

BC Co will apply for conditional approval to list on the CSE concurrent with filing their Prospectus with the Principal Regulator.

The diagram below describes the inter-corporate relationship between the Resulting Issuer and H-Source post-Merger:



The Merger Agreement

BC Co entered into a non-binding letter of intent with H-Source dated March 3, 2015, which describes the essential terms and conditions of the proposed agreement whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Date:

(i) As consideration for entering into the Merger Agreement, BC Co exchanged, on a pro rata basis, the H-Source Shares held by the Existing H-Source Stockholders with 20,000,000 Resulting Issuer Shares;

(ii) Each H-Source Share issued and outstanding immediately prior to the Effective Date held by H-Source Stockholders other than the Existing H-Source Stockholders was exchanged by each holder thereof for one (1) fully paid and non-assessable Resulting Issuer Share;

(iii) Each H-Source Share exchanged for one (1) fully paid and non-assessable Resulting Issuer Share was cancelled;

(iv) Each Merger Co Share issued and outstanding immediately prior to the Effective Date was exchanged for one (1) share of common stock of Surviving Co;

(v) Each Finder Warrant and H-Source Option outstanding immediately prior to the Effective Date was exchanged for one (1) Resulting Issuer Option;

(vi) All Finder Warrants and H-Source Options exchanged for Resulting Issuer Options were cancelled;

(vii) H-Source Bridge Loans outstanding immediately prior to the Effective Date were exchanged for the equivalent amount of Resulting Issuer Bridge Loan and automatically converted to Resulting Issuer Shares at a conversion price of $0.10 per Resulting Issuer Share;

(viii) H-Source Bridge Loans exchanged for the Resulting Issuer Bridge Loan were cancelled; and

(ix) Surviving Co is a wholly-owned subsidiary of the Resulting Issuer.

The H-Source Stockholders and the holders of the converted H-Source Bridge Loan upon Conversion, hold 22,774,149 Resulting Issuer Shares and the shareholders of BC Co hold 4,530,000 Resulting Issuer Shares. In addition, in connection with the Merger, BC Co issued 1,000,000 Resulting Issuer Shares to certain finders as finder's fee shares and issued shares pursuant to the Private Placement Financing as described below. 9,852,166 common shares issued to H-Source Stockholders are subject to escrow. The Merger Agreement provides that the first directors of the Resulting Issuer are John Kupice, Murray Walden, Ronald Overstreet, and Savio Chiu. The first officers of the Resulting Issuer are John Kupice as Chief Executive Officer, Murray Walden as President, and Denise Lok as Chief Financial Officer and Corporate Secretary.

Private Placement Financing

H-Source completed a non-brokered private placement financing closed in three tranches on March 24, 2015, April 2, 2015, and July 20, 2015 (the "**Private Placement Financing**") to raise gross proceeds of $2,638,100 through the issuance of 17,587,333 subscription receipts (each a "**Subscription Receipt**") at a price of $0.15 per Subscription Receipt, pursuant to available "accredited investors" and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the *U.S. Securities Act* of 1933, as amended (the "**US Securities Act**"), provided by Rule 903 of Regulation S ("**Regulation S**") thereunder. Each Subscription Receipt automatically converted, without additional consideration, into one Resulting Issuer Share concurrently with the completion of the Merger and receipt of conditional approval to list on the CSE. In addition to the Private Placement Financing, H-Source also issued 10% unsecured convertible debentures in the aggregate amount of $265,000 (the "**H-Source Bridge Loan**"). Prior to its conversion, the H-Source Bridge Loan would have been due on November 13, 2015 and convertible at any time before maturity, at the option of the holder, into H-Source Shares at a conversion price of $0.10 per H-Source Share. Conversion was automatically accelerated upon closing of the Merger. In connection with the Private Placement Financing and the H-Source Bridge Loan, H-Source paid an aggregate finder's fees of $209,107 and issued 1,319,050 non-transferable warrants (the "**Finder Warrants**"). Each Finder Warrant is exercisable at $0.15 per Resulting Issuer Share for a period of two (2) years following the date of completion of the Merger, being August 31, 2017.

Funds Available and Use of Available Funds

As at July 31, 2015, the estimated consolidated working capital (deficiency), being current assets less current liabilities, for BC Co and H-Source was $(572,400). To the extent that the Resulting Issuer has negative operating cash flow in future periods, the Resulting Issuer may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. Upon completion of the Merger, the Resulting Issuer will have working capital of approximately $1,764,000. The principal purposes for the use of those funds for the next twelve months will be as follows:

Item	**$**
Funds Available	
Working capital of BC Co. as at June 30, 2015	94,736
Working capital deficiency of H-Source as at June 30, 2015	(728,957)
Private Placement Financing (gross)	2,638,100
Agency fee (cash)	(209,107)
Estimated remaining transaction cost	(30,000)

Item	$
Total	**1,764,772**
Principal Purposes for the use of Funds Available	
Prospectus related cost	75,000
Marketing Agency – Branding	67,000
Investor Relations	250,000
Software & Interoperability Enhancements	215,000
Support Infrastructure	95,000
Network Infrastructure	85,000
Sales Marketing & Commercialization	510,000[(1)]
General & Administrative	365,000[(2)]
Unallocated Working Capital	102,772
Total	**1,764,772**

Notes:

(1) For a breakdown of Sales Marketing & Commercialization see the chart on page 34.

(2) General & Administrative is broken down as follows: (i) salaries (US$18,333.33 per month / approximately $24,106 per month), (ii) rent (US$1,900 per month / approximately $2,500 per month), (iii) utilities (US$1,500 per month / approximately $1,975 per month), and (iv) office supplies and miscellaneous (US$1,395 per month / approximately $1,835 per month). Figure does not total $365,000 due to rounding and currency conversion. Currency conversion based on an exchange rate of US$1.00 equals $1.3149.

The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of net proceeds will be subject to the discretion of management. See "Part III – Information Concerning The Resulting Issuer – Use of Proceeds".

Risk Factors

An investment in the Resulting Issuer involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of BC Co and H-Source. The risks, uncertainties and other factors, many of which are beyond the control of BC Co, H-Source or the Resulting Issuer, that could influence actual results include, but are not limited to: completion of the Transaction to be subject to several conditions precedent, limited operating history, reliance on management, requirements for additional financing, competition, difficulty in forecasting sales, conflicts of interest, litigation, price fluctuation of the Resulting Issuer Shares, no earnings or dividend record, limited market for the Resulting Issuer's securities, technological changes, regulations and guidelines, intellectual property rights, low barriers to entry and competition from other group purchasing organizations, dependence on continued growth of developing online commerce market, capacity constraints, system failures, failure to maintain brand development, new services, features and functions, fluctuating consumer trends, uncertainties related to H-Source's service, changes in governmental and legal uncertainties, online commerce security risks, acquisitions, dependence on web infrastructure, risks related to information dissemination through H-Source's service, sales and other taxes, risks related to international operations, protecting intellectual property rights and other factors beyond the control of the Issuer, H-Source, or the Resulting Issuer. For more information on risk factors see "Part IV – Risk Factors".

Summary of Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of BC Co, H-Source and the proforma consolidated financial statements for the Resulting Issuer, and notes thereto appearing elsewhere in the Prospectus. The selected financial information is derived from and should be read in conjunction with BC Co and H-Source's unaudited interim financial statements for the six month period ended June 30, 2015 and BC Co's audited financial statements for the period from inception and ended December 31, 2014; and H-Source's audited financial statements for the period from inception and ended December 31, 2014; and the proforma consolidated financial statements of the Resulting Issuer as of June 30, 2015. As such, the financial information in the table below contains both audited and unaudited information.

As at June 30, 2015	BC Co $	H-Source $	Pro Forma Adjustments $	Pro Forma $
Balance sheet				
Current assets	100,596	320,202	1,858,501	2,279,299
Total assets	100,596	694,004	1,858,501	2,653,101
Current liabilities	5,860	1,007,242	(493,287)	559,814
Total liabilities	5,860	1,023,956	(510,001)	559,814
Shareholders' Equity (accumulated deficit)	94,736	(329,952)	2,368,503	2,133,287

PART I – INFORMATION CONCERNING BC CO

Name, Address and Incorporation

BC Co was incorporated on November 11, 2014 under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") as 1018763 B.C. Ltd. BC Co changed its name to "H-Source Holdings Ltd." on August 28, 2015.

BC Co was incorporated as a wholly-owned subsidiary of UWO Consulting Ltd. ("**BC Co Parent**"). BC Co entered into an arrangement agreement with BC Co Parent and nine (9) other wholly owned subsidiaries of BC Co Parent, dated November 12, 2014, as amended on November 14, 2014, January 25, 2015, February 16, 2015 and April 13, 2015 (together, the "**Canadian Arrangement Agreement**"). The Canadian Arrangement Agreement and the associated plan of arrangement were approved by BC Co Parent shareholders on December 17, 2014, and approved by the British Columbia Supreme Court on December 19, 2014.

The head office of BC Co is located at Suite 132 – 850 East Spokane Falls Boulevard, Spokane, Washington, 99202. BC Co's registered and records office is located at Suite 1500, 1055 West Georgia Street, Vancouver, British Columbia, Canada, V6E 4N7.

Prior to closing the Merger, BC Co did not have any operating segments, rather, it was in the business of consulting on capital markets deal structuring, venture capital, and providing corporate advisory services. Effective on Closing, BC Co's business is the business of the Resulting Issuer. See "Part III – Information Concerning the Resulting Issuer".

BC Co has a wholly-owned subsidiary named BC Merger Sub, Inc. ("**Merger Co**"), which was incorporated on June 29, 2015 under the *Washington Business Corporations Act* Title 23B RCW (the "**WBCA**").

The Transaction Between BC Co and H-Source

Pursuant to the terms of the Canadian Arrangement Agreement, on August 31, 2015 BC Co Parent completed its Arrangement with BC Co and spun out BC Co to BC Co Parent's shareholders in advance of the completion of the Merger (as such term is defined herein) in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators ("**NI 45-106**"), and as a result of completion of the Arrangement, BC Co became a reporting issuer in the Provinces of British Columbia and Alberta.

On May 27, 2014 H-Source was incorporated under the WBCA.

On June 29, 2015, BC Co incorporated Merger Co as its wholly-owned subsidiary.

BC Co Parent, BC Co, Merger Co and H-Source entered into a merger agreement and plan of reorganization dated July 21, 2015 (the "**Merger Agreement**").

The Transaction was structured as a reverse-takeover, specifically, as a triangular merger under the WBCA, among BC Co, Merger Co, and H-Source pursuant to which Merger Co was merged with and into H-Source, with H-Source as the surviving corporation ("**Surviving Co**") on terms more particularly set forth in the Merger Agreement.

BC Co, in its capacity as the sole stockholder of Merger Co, approved the Merger on August 31, 2015.

BC Co Parent, BC Co, Merger Co and H-Source intend that, for U.S. federal income tax purposes, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code, that each of the Parties are "parties to a reorganization" within the meaning of Section 368(b) of the Code, and that this Agreement shall constitute a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g) as provided in the Merger Agreement.

BC Co has not conducted any material commercial operations other than entering into the Merger Agreement.

Significant Acquisitions and Dispositions

BC Co acquired a 100% interest in H-Source pursuant to and on the terms and subject to the conditions set out in the Merger Agreement dated July 21, 2015 among BC Co Parent, BC Co, Merger Co and H-Source, a copy of the Merger Agreement is attached as Appendix "D" to this Prospectus. Pursuant to the Merger, BC Co issued an aggregate of 40,361,482 common shares to the H-Source Stockholders, the Private Placement Financing subscribers, and to satisfy the conversion of the H-Source Bridge Loan. The Merger was approved unanimously by the shareholders of H-Source in August 2015, and approved by a written consent resolution of the boards of directors of the respective parties. As a result of the Merger, the former securityholders of H-Source became securityholders of the Resulting Issuer.

Concurrent with filing the Preliminary Prospectus, BC Co applied for a listing on the CSE. On August 31, 2015, BC Co received conditional approval to list its common shares on the CSE.

The Merger Agreement

BC Co entered into a non-binding letter of intent with H-Source dated March 3, 2015, which describes the essential terms and conditions of the proposed agreement whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a proposed business combination. This non-binding letter of intent was later replaced and superseded by the Merger Agreement.

The H-Source Stockholders and the holders of the converted H-Source Bridge Loan, along with the subscribers in the Private Placement Financing, hold 40,361,482 Resulting Issuer Shares and the shareholders of BC Co hold 4,530,000 Resulting Issuer Shares. In addition, in connection with the Merger, BC Co paid 1,000,000 Resulting Issuer Shares to certain finders as finder's fee shares. 9,852,166 issued to H-Source Stockholders will be subject to escrow. The Merger Agreement provides that the first directors of the Resulting Issuer are John Kupice, Murray Walden, Ronald Overstreet, and Savio Chiu. The first officers of the Resulting Issuer are John Kupice as Chief Executive Officer, Murray Walden as President, and Denise Lok as Chief Financial Officer and Corporate Secretary.

Pre-Merger Events

Upon the terms and subject to the conditions set forth in the Merger Agreement, prior to the Effective Time, and in the following sequence of events:

(i) BC Co filed the Preliminary Prospectus with the Principal Regulator;

(ii) Pursuant to the Arrangement, BC Co Parent completed the spin-out of BC Co to its shareholders in reliance on the prospectus and registration exemptions set forth in section 2.11 of NI 45-106, and as a result of the completion of the Arrangement, BC Co became a reporting issuer in the Provinces of British Columbia and Alberta;

(iii) Concurrent with filing the Preliminary Prospectus with the Principal Regulator, BC Co filed preliminary documents with the CSE in connection with the proposed listing of the Resulting Issuer Shares on the CSE;

(iv) Upon receiving the Preliminary Receipt from the Principal Regulator, BC Co promptly filed the Preliminary Prospectus and the Preliminary Receipt on SEDAR;

(v) BC Co shall file the Final Prospectus with the Principal Regulator;

(vi) Upon receiving the Final Receipt from the Principal Regulator, BC Co shall promptly file the Final Prospectus and the Final Receipt on SEDAR; and

(vii) Concurrent with filing the Final Prospectus with the Principal Regulator, BC Co shall file the necessary documents with the CSE to receive CSE conditional and final approval for the listing of the Resulting Issuer on the CSE and BC Co shall provide a copy of such final approval to H-Source promptly upon receipt of the same. The CSE granted conditional approval to list the Resulting Issuer Shares on August 31, 2015.

Approval of H-Source Stockholders

H-Source took all action necessary in accordance with Applicable Washington State Law and its Articles of Incorporation and Bylaws to have the H-Source Stockholders approve the Merger Agreement by unanimous shareholder consent resolution at a meeting of H-Source Stockholders (the "**H-Source Stockholders Approval**").

The Board of Directors of H-Source recommended that H-Source Stockholders vote in favour of and approve and adopt the Merger Agreement and approve the Merger pursuant to the H-Source Stockholders Approval.

H-Source solicited from H-Source Stockholders proxies in favour of the approval and adoption of the Merger Agreement and approval of the Merger, and used its best reasonable efforts to take all other action necessary or advisable to secure the vote or consent of H-Source Stockholders required by Applicable Washington State Law and its Articles of Incorporation and Bylaws to obtain such approvals.

Dissenting Shares

There were no holders of Dissenting Shares in connection with the H-Source Stockholder Approval.

Merger Events

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Date:

(i) As consideration for entering into the Merger Agreement, BC Co was exchanged, on a pro rata basis, the H-Source Shares held by the Existing H-Source Stockholders with 20,000,000 Resulting Issuer Shares;

(ii) Each H-Source Share issued and outstanding immediately prior to the Effective Date held by H-Source Stockholders other than the Existing H-Source Stockholders was exchanged by each holder thereof for one (1) fully paid and non-assessable Resulting Issuer Share;

(iii) Each H-Source Share exchanged for one (1) fully paid and non-assessable Resulting Issuer Share was cancelled;

(iv) Each Merger Co Share issued and outstanding immediately prior to the Effective Date was exchanged for one (1) share of common stock of Surviving Co;

(v) Each Finder Warrant and H-Source Option outstanding immediately prior to the Effective Date was exchanged for one (1) Resulting Issuer Option;

(vi) All Finder Warrants and H-Source Options exchanged for Resulting Issuer Options was cancelled;

(vii) H-Source Bridge Loans outstanding immediately prior to the Effective Date were exchanged for the equivalent amount of Resulting Issuer Bridge Loan and automatically converted to Resulting Issuer Shares at a conversion price of $0.10 per Resulting Issuer Share;

(viii) H-Source Bridge Loans exchanged for the Resulting Issuer Bridge Loan were cancelled; and

(ix) Surviving Co is a wholly-owned subsidiary of the Resulting Issuer.

Effect of Merger

At the Effective Time:

(i) Merger Co merged with and into H-Source under the WBCA with H-Source continuing as the Surviving Co subsequent to the Merger in accordance with the terms and conditions prescribed in the Merger Agreement;

(ii) All of the property, assets, rights and privileges of Merger Co became the property, assets, rights and privileges of H-Source, and all of the liabilities and obligations of Merger Co shall become the liabilities and obligations of H-Source, which will thereafter be referred to as Surviving Co;

(iii) The Articles of Incorporation and the Bylaws of Merger Co were deemed to be the Articles of Incorporation and the Bylaws of Surviving Co; and

(iv) The officers and directors of Surviving Co shall be those individuals described in the Merger Agreement.

Conditions Precedent to the completion of the Merger

The Merger was subject to the conditions precedent as set out in the Merger Agreement including but not limited to:

Conditions for the Benefit of BC Co

The Transaction was subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions were for the exclusive benefit of BC Co and may have been waived, in whole or in part, by BC Co in its sole discretion:

1. **Truth of Representations and Warranties.** The representations and warranties of H-Source contained in the Merger Agreement shall have been true and correct as of the date of the Merger Agreement and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer of H-Source shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

2. **Performance of Obligations.** H-Source shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in the Merger Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer of H-Source shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

3. **Approvals and Consents.** All required approvals, consents and authorizations of third parties in **respect** of the Transaction, including without limitation all necessary shareholder and regulatory approvals, shall have

been obtained on terms acceptable to BC Co acting reasonably, including the approval of the CSE, the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and H-Source Stockholder approval of the Merger.

4. **Private Placement Financing.** The Subscription Receipts shall have been exchanged into H-Source Shares in accordance with their terms and the Net Proceeds shall have been released from escrow.

5. **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of H-Source since June 30, 2015.

6. **Deliveries.** H-Source shall deliver or cause to be delivered to BC Co the closing documents as set forth in the Merger Agreement in a form satisfactory to BC Co acting reasonably.

7. **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in the Merger Agreement shall be satisfactory in form and substance to BC Co, acting reasonably, and BC Co shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

8. **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than H-Source) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by the Merger Agreement or which could reasonably be expected to result in a Material Adverse Effect on H-Source.

All such condition precedents were fulfilled or performed on or prior to the Closing Date.

Conditions for the Benefit of H-Source

The Transaction was subject to the following conditions to be fulfilled or performed on or prior to the Effective Date, which conditions were for the exclusive benefit of H-Source and may have been waived, in whole or in part, by H-Source in its sole discretion:

1. **Truth of Representations and Warranties.** The representations and warranties of BC Co contained in the Merger Agreement shall have been true and correct as of the date of the Merger Agreement and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by the Merger Agreement and an officer of BC Co shall provide a certificate to H-Source at Closing confirming the foregoing.

2. **Performance of Obligations.** BC Co shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in the Merger Agreement to be fulfilled or complied with by BC Co at or prior to the Closing Date and an officer of BC Co shall provide a certificate to H-Source at Closing confirming the foregoing.

3. **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of BC Co since June 30, 2015 other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Acquisition.

4. **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to H-Source acting reasonably, including approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and H-Source Stockholder approval of the Merger. BC Co shall have effected the Name Change on terms satisfactory to H-Source.

5. **Private Placement Financing.** The Subscription Receipts shall have been exchanged into H Source Shares in accordance with their terms and the Net Proceeds shall have been released from escrow.

6. **Share Issuance by BC Co to Existing H-Source Stockholders.** As consideration for entering into the Merger Agreement, BC Co shall have issued such number of BC Co Shares, at a deemed price of $0.15 per BC Co Share, to the Existing H-Source Stockholders on a pro rata basis so that the number of BC Co Shares held by the Existing H-Source Stockholders equals 20,000,000 BC Co Shares.

7. **U.S. Registration Exemption.** The issuance of the Resulting Issuer Shares issuable pursuant to the Merger, the issuance of Resulting Issuer Options, and the exchange of H-Source Bridge Loan for the Resulting Issuer Bridge Loan shall be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law. It is anticipated that BC Co will rely on Rule 506(b) of Regulation D and Rule 903 of Regulation S, as applicable, in connection with the offer and sale of the Resulting Issuer Shares, Resulting Issuer Options and Resulting Issuer Bridge Loan. H-Source agrees that it will cooperate with BC Co in the preparation of a private placement memorandum containing the information prescribed by Rule 502(b) of Regulation D.

8. **Exemption from Prospectus Requirements.** The distribution of the Resulting Issuer Shares in Canada pursuant to the Merger (including those Resulting Issuer Shares distributable pursuant to the rights attached to the Resulting Issuer Options and the Resulting Issuer Bridge Loan) shall be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law and shall be freely tradeable (subject to the usual restrictions under National Instrument 45-102 - *Resale of Securities*, of the Canadian Securities Administrators or pursuant to Applicable Securities Law in the United States). H-Source acknowledges and agrees that any Resulting Issuer Shares and any Resulting Issuer Options issued to or for the account or benefit of any U.S. Persons or persons in the United States in reliance on Rule 506(b) of Regulation D will be issued as "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.

9. **Issuance of Shares.** The Resulting Issuer Shares shall be free and clear of any and all encumbrances, Liens, charges, demands and restrictions on transfer whatsoever except the escrow restrictions imposed by the CSE or the Principal Regulator.

10. **Deliveries.** BC Co shall deliver or cause to be delivered to H-Source BC Co's Closing Documents as set forth in the Merger Agreement in a form satisfactory to H-Source, acting reasonably.

11. **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in the Merger Agreement shall be satisfactory in form and substance to H-Source, acting reasonably, and H-Source shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

12. **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than BC Co) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on BC Co.

All such condition precedents were fulfilled or performed on or prior to the Closing Date.

Private Placement Financing

On April 21, 2015, April 24, 2015, and July 9, 2015, BC Co conducted private placement for $0.03 per BC Co Shares whereby BC Co issued 4,530,000 BC Co Shares to investors pursuant to applicable prospectus exemptions under NI 45-106.

BC Co and H-Source entered into an agency agreement (the "**Agency Agreement**") dated March 24, 2015 with BayFront Capital Partners, Ltd. ("**BayFront**" or the "**Agent**") whereby the Agent conducted a private placement financing in three tranches on March 24, 2015, April 2, 2015, and July 20, 2015 (the "**Private Placement Financing**") to raise gross proceeds of $2,638,100 through the issuance of 17,587,333 subscription receipts (each a "**Subscription Receipt**") at a price of $0.15 per Subscription Receipt, pursuant to available "accredited investors" and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the *U.S. Securities Act* of 1933, as amended (the "**US Securities Act**"), provided by Rule 903 of Regulation S ("**Regulation S**") thereunder. Each Subscription Receipt automatically converted, without additional consideration, into one (1) Resulting Issuer Share concurrently with the completion of the Merger. In addition to the Private Placement Financing, H-Source also issued 10% unsecured convertible debentures in the aggregate amount of $265,000 (the "**H-Source Bridge Loan**"). Prior to its conversion, the H-Source Bridge Loan would have been due November 13, 2015 and convertible at any time before maturity, at the option of the holder, into H-Source Shares at a conversion price of $0.10 per H-Source share. Conversion was automatically accelerated upon closing of the Merger. In connection with the Private Placement Financing and the H-Source Bridge Loan, H-Source and BC Co paid aggregate finder fees of $209,107 and issued 1,319,050 non-transferable warrants (the "**Finder Warrants**"). Each Finder Warrant is exercisable at $0.15 per Resulting Issuer Share for a period of two (2) years following the date of completion of the Merger, being August 31, 2017.

The Agency Agreement contains representations, warranties, covenants, conditions and indemnities and termination rights standard in an agreement of this nature.

In consideration of the services rendered by the Agent in connection with the Private Placement Financing, H-Source and BC Co paid to the Agent at Closing, a cash commission equal to 7.5% of the gross proceeds raised pursuant to the Private Placement Financing (the "**Agency Fee**"), based on the gross proceeds raised from the Subscription Receipts. In addition, at Closing the Agent, or members of the Agent's selling group, received from H-Source warrants (the "**Finder Warrants**") equal to 7.5% of eligible Subscription Receipts sold pursuant to the Private Placement Financing, and in connection with the H-Source Bridge Loan. Each Finder Warrant entitles the Agent, or member of the Agent's selling group, as the case may be, to acquire one Resulting Issuer Share (a "**Finder Warrant Share**") at an exercise price of $0.15 per Finder Warrant Share for a period of 24 months following the Closing Date, being August 31, 2017.

Intellectual Property

Prior to completion of the Merger BC Co did not have any intellectual property. Upon completion of the Merger BC Co controls the resulting issuer's intellectual property. See "Part III – Information Concerning the Resulting Issuer".

Escrow and Resale Restrictions on the CSE Escrow Shares

In accordance with the policies of the Exchange and the terms of the Merger Agreement, there are no shares at the date of this Prospectus held in escrow.

Dividends and Distribution

BC Co has neither declared nor paid any dividends on its common shares since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following tables set forth selected financial information for BC Co, summarized from its audited financial statements for the period from inception to December 31, 2014 and unaudited interim financial statements for the six month period ended June 30, 2015. This selected financial information should be read in conjunction with BC Co's financial statements, including the notes thereto and Management's Discussion and Analysis, which are attached to this Prospectus as Appendices A, A1 and A2 respectively.

	December 31, 2014 $	June 30, 2015 $
Total expense	1,250	20,580
Cash	–	100,596
Total assets	–	100,596
Shareholder's equity (deficiency)	(1,250)	94,736

Management's Discussion and Analysis

BC Co's Management's Discussion and Analysis provides an analysis of BC Co's financial results for the period from inception to June 30, 2015, and should be read in conjunction with the financial statements of BC Co for such period, and the notes thereto respectively. BC Co's Management's Discussion and Analysis is attached to this Prospectus as Appendices A1 and A2.

Certain information included in BC Co's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

BC Co has not entered into any off-balance sheet arrangements.

Related Party Transactions

BC Co has not entered into any related party transactions.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Common Shares

BC Co is authorized to issue an unlimited number of BC Co Shares of which, and immediately prior to Closing, 4,530,001 BC Co Shares were issued and outstanding as fully paid and non-assessable. Holders of BC Co Shares are entitled to dividends if, as and when declared by the directors, to one vote per Common Share at meetings of shareholders and, upon liquidation, dissolution or winding-up of BC Co, to share rateably the remaining assets of BC Co as are distributable to holders of Common Shares. The Common Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

See "– The Transaction" for details of securities proposed to be issued on Closing of the Private Placement Financing and the Transaction; and see "Part III – Information Concerning the Resulting Issuer – Description of the Securities".

Preferred Shares

BC Co is also authorized to issue an unlimited number of Preferred Shares without par value, issuable in series with special rights or restrictions attached, none of which are issued and outstanding as of the date of this Prospectus and

none of which are proposed to be issued in connection with either the Transaction or the Private Placement Financing.

Stock Option Incentive Plan

The Resulting Issuer's Stock Option Plan is a "rolling" stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of the Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options are exercisable up to 10 years from the date of grant, so long the optionee maintains the optionee's position with the Resulting Issuer. The number of Resulting Issuer Shares reserved for issuance to any optionee cannot exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants cannot exceed 2% of the then issued and outstanding shares.

The minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer, has 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer.

See "Part III – Information Concerning the Resulting Issuer – Stock Option Plan".

Prior Sales

Since the date of its incorporation, and immediately prior to Closing, BC Co issued 4,530,001 BC Co Shares as follows:

Date	Number of Common Shares	Price per Common Share $
November 11, 2014	1[(1)]	0.01
April 21, 2015	280,000	0.03
April 24, 2015	3,970,000	0.03
July 9, 2015	280,000	0.03

Notes:

(1) Incorporation share, such share was cancelled upon Closing.

In addition to the above BC Co Shares, BC Co also distributed 1,010,549 BC Co Shares to the shareholders of BC Co Parent in connection with the Canadian Arrangement Agreement.

Shares Subject to Resale Restrictions

The 4,530,000 BC Co Shares issued on April 21, 2015, April 24, 2015, and July 9, 2015, as summarized in the above table are subject to a four month hold period at the later of (i) each of their respective distribution dates, and (ii) the date the BC Co becomes a reporting issuer in any province or territory pursuant to the requirements of National Instrument 45-102 – *Resale of Securities.*

Arm's Length Transaction

The Transaction was negotiated by the parties dealing at arm's length with each other and in accordance with the policies of the Exchange.

See "Part I – Information Concerning BC Co – The Transaction".

Legal Proceedings

BC Co is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of BC Co prior to the Closing, was Morgan & Company LLP, Chartered Accountants, 1488 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1A1. Upon Completion of the Merger and as of the date of this Prospectus, it is proposed that the Resulting Issuer's auditor will be H-Source's current auditor, BDO USA, LLP.

See also "Part V – Auditor".

Transfer Agent and Registrar

The transfer agent and registrar for BC Co's Common Shares is Computershare Trust Co., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, and Computershare will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Merger.

See also "Part V – Registrar and Transfer Agent".

Material Contracts

Other than contracts entered into in the ordinary course of business, BC Co has not entered into any contracts material to investors, other than the Merger Agreement and the following:

1. BayFront Capital Partners, Ltd.

BC Co and H-Source entered into an Agency Agreement with BayFront Capital Partners, Ltd. (the "**Agent**") on March 24, 2015 to be their exclusive agents for the Private Placement Financing. The Resulting Issuer will issue to the Agent the Finder Warrants entitling the purchase by the Agent of that number of Common Shares of the Resulting Issuer as is equal to 7.5% of that number of H-Source Shares issued under the Private Placement Financing, exercisable at a per share price of $0.15 for a period of 24 months from the date of Closing.

2. Sequoia Partners Inc. and LED Capital Ltd. (formerly Kyletje Holdings Ltd.)

BC Co entered into an agreement with Sequoia Partners Inc. and Kyletje Holdings Ltd. on March 23, 2015 for introducing BC Co to H-Source and BC Co has agreed to pay a finder's fee to Sequoia Partners Inc. and LED Capital Ltd. subject to acceptance of CSE and obtaining necessary and applicable approvals. A finder's fee in the amount of 1,000,000 Resulting Issuer Shares will be equally allotted to Sequoia Partners Inc. and LED Capital Ltd.

Copies of these agreements may be inspected, without charge, at the registered office of BC Co at Suite 605 – 815 Hornby Street, Vancouver, British Columbia, V6Z 2E6, during normal business hours until the date of Closing and for a period of 30 days thereafter.

PART II – INFORMATION CONCERNING H-SOURCE

Name, Address and Incorporation

H-Source was incorporated under the WBCA on May 27, 2014 and acquired all of the assets and assumed all of the liabilities of H-Source, LLC, effective June 1, 2014. Upon completion of the acquisition H-Source LLC was dissolved.

The head office of H-Source is located at Suite 132, 850 East Spokane Falls Boulevard, Spokane, Washington, USA, 99202 and the registered office of H-Source is located at Suite 132, 850 East Spokane Falls Boulevard, Spokane, Washington, USA, 99202.

General Development of the Business

H-Source is a technology company operating within the healthcare industry. H-Source has developed a transaction platform that provides a private, secure and trusted marketplace for member hospitals to buy/sell/transfer excess inventory supplies and capital equipment with each other. Member hospitals can conduct secure transactions within Integrated Delivery Networks ("**IDN's**")[1], Group Purchasing Organizations ("**GPO's**")[2], the complete H-Source network or customize their own group hospitals using H-Source's built-in filters. This network is specifically designed to reduce health care costs and medical product waste.

In 2012 H-Source, LLC co-founder Mr. Murray Walden developed a prototype of the transaction platform whereby H-Source facilitated transactions between hospitals to sell excessive inventory. In early 2014 Mr. John Kupice joined H-Source LLC and both Murray Walden and John Kupice recognized an opportunity in the marketplace and determined the market size. After meeting with certain hospitals, Mr. Murray Walden and Mr. John Kupice decided to launch a new business model, creating a private marketplace for hospitals to exchange medical products and equipment with H-Source being the vendor, without physically carrying the inventory. Mr. Murray Walden and Mr. John Kupice then determined the resources needed to build the new technology platform and bring the product to market. On May 27, 2014 H-Source was incorporated to facilitate capital raising and development of the hospital transaction platform. All of the assets and liabilities were transferred to H-Source from H-Source, LLC on June 1, 2014 and H-Source, LLC was subsequently dissolved.

Narrative Description of the Business

H-Source's objective is to become a central, private, secure and trusted hospital marketplace that allows members to buy, sell or transfer medical supplies and equipment, non-controlled pharmaceuticals, and capital equipment with one another in the United States and globally. A member hospital ("**Member Hospital**") is a hospital that has signed up for the H-Source marketplace. H-Source will issue a temporary password with limited access to the facility. H-Source will then verify and validate that the identity of the user and validate the facility and perform a credit check. If full participation in the network is approved, H-Source will then request additional information from the facility and user. Once this step is complete, H-Source will issue a permanent password to the user. Once the facility meets the proper background check requirements it becomes a Member Hospital and has the ability to see the full

[1] An integrated delivery network (IDN) is a network of facilities and providers that work together to offer a continuum of care to a specific geographic area or market. The concept was developed in the 1980s and has since evolved to address common concerns, such as capitation, excess capacity, decreased margins and complaints from patients regarding access. IDNs include many types of associations across the continuum of care. For example, one network could include a short- and long-term hospital, home health agency and hospice services. Multi-hospital systems and mergers may be considered limited IDNs, since different entities are joining together to provide care. Some members of a network provide identical or complementary services to patients. Such associations, in which members of a network provide a similar level of care, can be called horizontal integration.

[2] In the United States, a group purchasing organization (GPO) is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members. Many GPOs are funded by administrative fees that are paid by the vendors that GPOs oversee. Some GPOs are funded by fees paid by the buying members. Some GPOs are funded by a combination of both of these methods. These fees can be set as a percentage of the purchase or set as an annual flat rate. Some GPOs set mandatory participation levels for their members, while others are completely voluntary. Members participate based on their purchasing needs and their level of confidence in what should be competitive pricing negotiated by their GPOs.

inventory and execute transactions on the platform. To accomplish this, H-Source has developed a technology platform that is deployed as a Software As A Service "SAAS" – "Cloud-based" application. H-Source has applied for patents to protect the technology enabling this platform. See "– Intellectual Property".

H-Source's platform solution was developed to:

- Provide a password protected network for verified Member Hospitals to search inventory and complete transactions.

- Offer Member Hospitals the ability to form custom groups for searches and transactions within the custom group. An example would be to form a group for children's hospitals in the United States. A Member Hospital could then search the inventory of children's hospitals and then search the whole network of hospitals for products.

- GS1[3] created the Global Unique Device Identification Database ("**GUDID**")[4] to drive manufacturers into creating a universal barcode that passes information such as manufacturer, item description, quantity, expiration date, and lot number to the GUDID. The H-Source platform is designed to work with the GUDID.

    - GS1 received on December 17, 2013 accreditation by the U.S. Food and Drug Administration (FDA) as an issuing agency for unique device identifiers ("**UDIs**")[5].

    - FDA is mandating that all manufacturers have labels and packages of class III medical devices and devices licensed under the *Public Health Service Act* ("**PHS Act**")[6] and must bear a UDI by September 24, 2015. (§ 801.20 of the PHS ACT).

- Integrate with the leading Enterprise Resource Planning ("**ERP**") systems in healthcare including Lawon, Infor, Oracle, and SAP.

- Increase hospital operational efficiencies by reducing supply chain purchase costs.

- Reduce medical and pharmaceutical waste entering landfills.

- Provide a network for global verified Member Hospitals to post, search, and complete buy or sell transactions on the H-Source platform.

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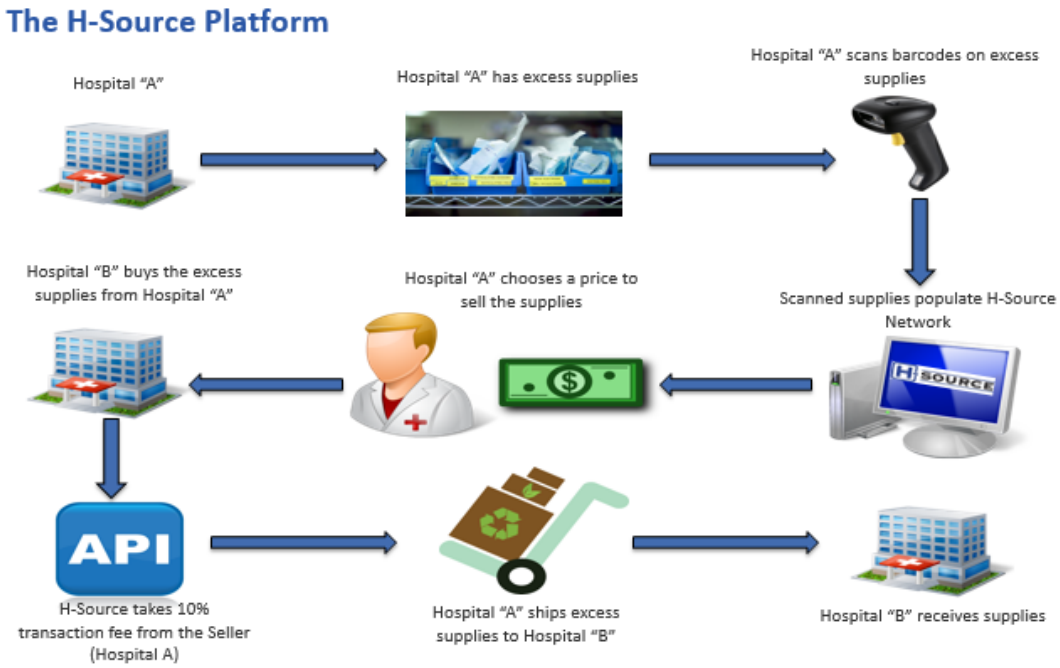
[3] GS1 is a neutral, not-for-profit, international organization that develops and maintains standards for supply and demand chains across multiple sectors.

[4] The Global Unique Device Identification Database ("GUDID") is a database administered by the FDA that will serve as a reference catalog for every device with an identifier.

[5] The Unique Device Identification (UDI) System is intended to assign a unique identifier to medical devices within the United States. It was signed into law on September 27, 2007, as part of the *Food and Drug Administration Amendments Act* of 2007. This act includes language related to the establishment of a Unique Device Identification System. When implemented, the new system will require:

- The label of a device to bear a unique identifier, unless an alternative location is specified by the U.S. Food and Drug Administration (FDA) or unless an exception is made for a particular device or group of devices.
- The unique identifier to be able to identify the device through distribution and use.
- The unique identifier to include the lot or serial number if specified by FDA.

[6] The *Public Health Service Act* is a United States federal law enacted in 1944. The full act is captured under Title 42 of the United States Code (The Public Health and Welfare), Chapter 6A (Public Health Service). The act clearly established the federal government's quarantine authority for the first time. It gave the United States Public Health Service responsibility for preventing the introduction, transmission and spread of communicable diseases from foreign countries into the United States.



Member Hospitals can post excess or expiring inventory on H-Source's network for sale. The hospitals will update the quantity, price, lot, manufacturer, and expiration date. Once the item is posted other Member Hospitals on the network can search for items to purchase or transfer. H-Source does not carry any inventory because the inventory resides at the Member Hospitals. H-Source's process facilitates the shipping and receiving of the goods from our Member Hospitals to the respective Member Hospital buyers. The transaction dollars flow through H-Source including payments less fees to the sellers.

Target Market

Currently in the United States there are 5,686 hospitals[7] and 5,500 surgery centers[8]. In Canada there are 1,365 hospitals[9] and 70 surgery centers[10].

There are major changes occurring in the healthcare industry. One relevant change to H-Source is the trend to go green by reducing the amount of excess inventory dumped into landfills. Another relevant change to H-Source is to increase the efficiency within hospital supply chains. If hospitals are 90% efficient in managing the supply chain, it would mean that, based on purchase data in 2013 of 440 billion US dollars in medical and surgical equipment and devices, 44 billion of these supplies and equipment were thrown away. If H-Source captures 10% of the market share our target market is, 4.4 billion dollars' worth of surgical devices, pharmaceuticals and capital equipment that are thrown away each year. Labour is the largest cost in healthcare. Supply chain is the second largest cost for the hospitals after labor costs. With the average profit margin of a United States hospital decreasing from 4.2% in 2013 to 3.1% in 2014[11] per American Hospital Association statistics. Hospitals are being forced to inspect and look for

[7] "Fast Facts on US Hospitals", Health Forum LLC, an affiliate of American Hospital Association, 2015, (http://www.aha.org/research/rc/stat-studies/fast-facts.shtml).

[8] "Becker's Hospital Review", (http://www.beckershospitalreview.com/hospital-management-administration/how-many-licensed-ascs-are-in-your-state.html).

[9] "Hospital Trends in Canada – Results of a Project to Create a Historical Series of Statistical and Financial Data for Canadian Hospitals over Twenty-Seven Years", National Health Expenditure Database, Canadian Institute for Health Information, 2005.

[10] The website of The Canadian Association for Accreditation of Ambulatory Surgical Facilities, (http://caaasf.org/locate-members).

[11] "Fewer hospitals have positive margins as they face financial squeeze", by Beth Kutscher, June 21, 2014, Modern Healthcare. (http://www.modernhealthcare.com/article/20140621/MAGAZINE/306219968).

ways to reduce supply chain costs and waste. With a 3.1% operating margin, this means that every dollar of H-Source savings goes directly to the net profit margin of hospitals. To have the same effect, a hospital would have to generate US$32 of new patient revenue to get the same operating margin benefit. Therefore, if H-Source can save a hospital US$25,000, this means that the same hospital would need to generate over US$800,000 in new patient revenue to get the same operating margin benefit. This fact is critical for H-Source to gain market share.

When H-Source facilitates the sale of products, it provides the following benefits to its Member Hospitals:

1. Enhance revenue by selling un-needed or overstocked inventory.
2. Provide an opportunity for greater flexibility in purchasing options such as;
    a. smaller buying quantities
    b. buying off contract items
    c. reduced costs for small quantity purchases
3. Establish new strategic hospital alliances promoting virtual self-distribution reducing waste and write-offs.
4. Increase operational efficiencies by reducing transaction costs and waste in hospital supply chain.
5. Reducing purchase costs on small quantities or items in general. Some example products are:

Product: Curved Intraluminal Stapler
Average Street Selling Price: $302.58
H-Source Member – Avg.: $181.55
Buyer Savings: $121.03
Seller Profit: $132.40

Product: Endoscopic Articulating Long Linear Cutter
Average Selling Price: $376.73
H-Source Member – Avg.: $226.04
Buyer Savings: $150.69
Seller Profit: $ 165.77

Note: Above examples are reported in US dollars.

6. Prevent products from entering landfills before final use, supporting a greener economy.

H-Source started with an open source code base and then created its web-based platform to facilitate our business model described earlier. The platform allows Member Hospitals to post inventory items to H-Source's system via multiple input methods. H-Source does not carry any inventory. H-Source created a virtual inventory system for its Member Hospitals. A Member Hospital can browse and buy products from other Member Hospitals. H-Source tracks the inventory and facilitates its movement among Member Hospitals. H-Source also controls the flow of funds with various financial applications in its backend. H-Source then charges a commission to the seller for managing the sale of their inventory.

H-Source currently has Member Hospitals signed up as "freemium" members to gain market acceptance. In the future H-Source expects to charge a recurring monthly membership fee based on the size and volume of the Member Hospitals. H-Source currently charges a transaction fee from the seller on each completed transaction through the H-Source platform. As H-Source continues to grow, it expects to be able to collect service fees for installation, training, and support.

H-Source currently has over 26 Member Hospitals active on its network. H-Source is an approved partner with the Washington State Hospital Association, Hospital Council for Northern California, Hospital Association of Southern California. These hospital associations are important for H-Source to gain acceptance for the early adopters in the industry. These are professional associations in each state comprised of hospital executives and legal members specializing in healthcare. For H-Source to be approved, there is a vetting process by the associations' directors and members. When H-Source is approved it gives their members of such hospital associations confidence in H-Source. The associations also will perform co-marketing and selling activities with H-Source to their respective members. H-Source is also a member of the Association for Healthcare Resource & Materials Management the leading supply chain organization in healthcare and a member of Practice Greenhealth, a green healthcare organization. H-Source has attended their CleanMed conferences the last two years generating awareness in the market and leads.

Operations

H-Source's main office is located in Spokane, Washington, and currently has five employees. During the next twelve months, H-Source intends to hire seven additional employees. The additional hires over the next 12 months may include:

- Chief Technology Officer
- two sales professionals
- one administrative/executive assistant
- one customer service representative
- two sales and application support professionals

H-Source is currently on a month-to-month lease on its office space in Spokane, Washington for the executives and administrative staff.

H-Source uses internally developed systems to operate its service and for transaction processing, including billing and collections processing. H-Source continually enhances and improves these systems in order to accommodate the level of use of H-Source. Furthermore, in the future, H-Source intends to add additional features and functionality to its services that would result in the need to develop or license additional technologies. H-Source currently contracts the application development resources. These include three dedicated full time developers and a part time (50% of their time) application design specialist from Indus Net Technologies. Headquartered in India, Indus Net Technologies is an IT service, managed outsourcing and internet strategy company, providing services to a wide range of enterprise clients, digital agencies and emerging companies across various industry verticals such as banking, financial services and insurance, travel and hospitality, education, and e-governance in more than 40 countries**.** The development team updates H-Source daily on tasks accomplished by H-Source's development team in the previous day. H-Source's development and production environment are on dedicated servers owned by H-Source in a secure hosting facility. The servers are replicated at various hosting facilities located around the globe to reduce downtime risk. The source code is backed up daily and is stored at offsite facilities.

Marketing Plan and Strategies

H-Source currently markets its services through public speaking engagements at industry specific conferences and direct sales efforts by the executives. Management plans to expand the sales force by hiring two regional sales managers for the West and Intermountain region and the Midwest and the Middle Atlantic states. The two regional sales managers have been identified and have extensive experience and relationships in hospitals in the target regions.

H-Source has also targeted Independent Sales Representatives ("**ISR**") and Customer Service Representatives ("**CSR**") in target areas. They will be paid commissions on incremental sales revenue. The incremental sales revenue will consist of monthly access fees, transaction fees, and service fees. H-Source will also continue to expand its relationships with hospital associations in target regions. H-Source currently works with the Northern and Southern California Hospital Associations and Washington Hospital Associations. H-Source management attends various conventions and co-markets the H-Source services to Member Hospitals in the associations. This continues to validate of H-Source's business model. H-Source will begin to work with targeted hospital associations in the East and Southern United States.

H-Source has also engaged a national marketing agency to assist with establishing a brand and brand awareness campaign and standards. This will include H-Source's logo, printed materials, social media, investor relations, and company website and presentation layer standards. They will also assist with an active news and press release campaign.

	$
Trade Shows	90,800
Marketing Agency - Branding	67,000
Website	27,000
Two Sales professionals	242,000
Hospital associations	100,000
Press releases	50,200
Total	577,000[(1)]

Note:

[(1)] See "Part III – Information Concerning the Resulting Issuer – Funds Available and Use of Available Funds". The $577,000 budget consists of a $67,000 anticipated fee for Marketing Agency – Branding and $510,000 Sales Marketing & Commercialization.

Competition

The following matrix describes the competitive landscape:

H-Source Competitor Matrix				
	H-Source	**MDL Medical**	**Hospital Inventory Trader**	**Medical Materials**
Network to buy/sell surgery supplies	Yes	Yes	Yes	Yes
Multiple departments for hospitals to buy/sell supplies	Yes	No	No	No
Ability to connect with hospitals by IDN, GPO, or the entire H-Source network	Yes	No	No	No
Offers clients to upload products for free	Yes	Yes	Yes	Yes
API	Yes	No	No	No
Transactional commission	Yes	Yes	Yes	Yes
Patents (Pending)	Yes	No	No	No
Independently owned and operated	Yes	No	N/A	N/A

Sources cited from Market snapshot:

1. http://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/NationalHealthExpendData/downloads/highlights.pdf.

2. http://www.beckershospitalreview.com/news-analysis/strategies-for-healthcare-supply-chain-collaboration-improving-operations-reducing-costs.html.

Intercorporate Relationships

As of the date of this Prospectus, H-Source has no subsidiaries.

Intellectual Property

The following is a brief description of H-Source's intellectual property rights.

H-Source has patents pending in the United States.

The H-Source patents are based on the process of detecting the expiration dates of medical products (drugs and devices), alerting the current inventory holder, and automatically outputting a communication to pre-determined groups for sale or transfer before expiration.

Trademark Applications and Registrations

Trademark	Country	Class	App Date	App #	Reg Date	Reg #	Status
4,273,120	USA	42	10/5/2011	85-439,493	1/8/2013	4,273,120	Active

Patent Applications

File #	Title	Serial #	Filing Date	Status
WA82-001	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	12/772,019	4-30-10	Pending
WA82-002	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	PCT/US2011/034208	4-27-11	Closed - National Phase Applications Filed
WA82-003	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	JP 2013-508230	4-27-11 (National Phase Date 10-25-12)	Pending
WA82-004	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	EP 11775540.5	4-27-11 (National Phase Date 11-26-12)	Pending

Dividends and Distribution

H-Source has neither declared nor paid any dividends on its common shares since its inception.

Selected Financial Information and Management's Discussion and Analysis

The following tables set forth selected financial information for H-Source, summarized from its audited financial statements for the period from inception to December 31, 2014 and the unaudited interim financial statements for the six-month period ended June 30, 2015. This selected financial information should be read in conjunction with H-Source's financial statements, including the notes thereto and Management's Discussion and Analysis, which are attached to this Prospectus as Appendices B, B1 and B2 respectively.

	December 31, 2014 US$	June 30, 2015 US$
Total expense	229,661	547,777
Cash	-	86,352
Total assets	241,300	561,760
Total liabilities	446,336	828,838
Shareholder's deficiency	(205,036)	(267,078)

Management's Discussion and Analysis

H-Source's Management's Discussion and Analysis is attached to this Prospectus as Appendices B1 and B2.

Certain information included in H-Source's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further detail.

Off-Balance Sheet Arrangements

H-Source has not entered into any off-balance sheet arrangements.

Related Party Transactions

Related party transactions are as follows:

a) As at June 30, 2015, $nil (December 31, 2014 - $550) is owed to the Chief Executive Officer of H-Source which was included in accounts payable.

b) As at June 30, 2015, $5,000 (December 31, 2014 - $nil) is owed to a director of H-Source for a convertible note payable. A further $10,000 (December 30, 2014 - $10,000) is owed to a relative of an officer of H-Source for a promissory note.

Summary of key management (President and CEO) personnel compensation:

	June 30, 2015 (unaudited)	December 31, 2014
	$	$
Salaries and contract labour	107,271	117,625

Included in the above amounts are $36,085 (December 31, 2014 – $77,766) which has been capitalized to deferred software development costs.

During the six month period ended June 30, 2015 H-Source issued 419,042 H-Source Shares with a fair value of $279,321 in settlement of fees and wages owing to officers and directors for services provided.

Changes in Accounting Policies Including Initial Adoption

The preparation of financial statements in accordance with International Financial Reporting Standards requires management to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses. Management evaluates the estimates periodically. Actual results may differ from these estimates by material amounts.

Description of the Securities

Common Shares

H-Source has authorized 100,000,000 shares of common stock as its only class of securities. The following table represents the H-Source Shares issued immediately before Closing, including restricted shares, if any, issued since incorporation.

Date of Issuance	Price Per Share (US$)	No. of Common Shares issued[(1)]
June 1, 2014	0.10	1,487,500
June 1, 2014	0.16	498,750
June 1, 2014	0.25	368,750
June 1, 2014	0.33	210,000
June 1, 2014	0.40	75,000
November 1, 2014	0.67	2,250
December 24, 2014	0.67	15,000
January 11, 2015	0.67	7,500
February 11, 2015	0.67	7,500
February 26, 2015	0.67	37,500
March 31, 2015	0.67	677,500
June 10, 2015	0.67	3,750
June 14, 2015	0.67	15,000
June 18, 2015	0.67	60,075
June 26, 2015	0.67	150,000
June 30, 2015	0.67	17,233
July 31, 2015	0.67	99,831
Total		**3,733,139**

Notes:
(1) This table excludes H-Source Shares to be issued in connection with the Private Placement Financing.

See "Part III – Information Concerning the Resulting Issuer – Description of the Securities".

Stock Option Incentive Plan

See "Part III – Information Concerning the Resulting Issuer – Stock Option Plan".

Prior Sales

See "– Description of the Securities – Common Shares".

Shares Subject to Resale Restrictions

H-Source does not have any shares subject to resale restrictions.

Executive Compensation

The summary compensation table sets out particulars of compensation paid for the financial years ended December 31, 2014 the individuals who were President and Chief Executive Officer (the "**Named Executive Officers**") during such period. H-Source does not have any other executive officers whose total salary and other compensation during such period exceeded $150,000.

Compensation Discussion and Analysis

H-Source does not have a compensation committee or a formal compensation policy. H-Source relies solely on the Board of Directors to determine the compensation of the Named Executive Officers. In determining compensation, the Board of Directors considers industry standards and H-Source's financial situation but does not currently have any formal objectives or criteria. The performance of each Named Executive Officer is informally monitored by the Board of Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Resulting Issuer is expected to rely solely on the Board to determine the compensation of the executive officers. In determining compensation, the Board will consider industry standards and the Resulting Issuer's financial situation without any formal objectives or criteria.

Option-based Awards

Please see "Part III – Information Concerning the Resulting Issuer – Stock Option Plan". In considering new grants to executive officers, the Board of Directors considers the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Named Executive Officers for the fiscal year ended December 31, 2014.

Name and Principal Position	**Year (or part)**	**Salary** (US$)	**Share-based awards (US$)**	**Option-based awards (US$)**	**Non-equity incentive plan compensation (US$)**		**Pension value (US$)**	**All other compensation (US$)**	**Total compensation (US$)**
					Annual incentive plans	**Long- term incentive plans**			
John Kupice, CEO	2014	Nil	$86,658[(1)]	Nil	Nil	Nil	Nil	34,000	$120,658
Murray Walden, President	2014	Nil	$66,660[(1)]	Nil	Nil	Nil	Nil	56,000	$122,660

Note:

(1) Issued on March 31, 2015.

Incentive Plan Awards

H-Source does not have any option-based awards, granted to the Named Executive Officers and outstanding as at December 31, 2014.

Please see "Part III – Information Concerning the Resulting Issuer – Stock Options Plan" for options anticipated to be held by the officers and directors of the Resulting Issuer upon Closing.

Incentive plan awards - value vested or earned during the year

The following table sets out the value of option-based awards which vested in the Named Executive Officers for the financial year ended December 31, 2014.

Name	Option-based awards - Value vested during the year (US$)	Share-based awards - Value vested during the year (US$)	Non-equity incentive plan compensation -Value earned during the year (US$)
John Kupice	Nil	$86,658	Nil
Murray Walden	Nil	$66,660	Nil

Pension Plan Benefits

H-Source does not have any pension plan, retirement plan or any deferred compensation plan.

Termination and Change of Control Benefits

H-Source does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of H-Source or a change in a Named Executive Officer's responsibilities.

Director Compensation

There was 4,308 H-Source Shares, valued at US$0.6666 per H-Source Share, issued as compensation to J. Ronald Overstreet, a director of H-Source, who is not a Named Executive Officer, for the fiscal year ended December 31, 2014.

Share-based awards, option-based awards and non-equity incentive plan compensation

H-Source does not have any option-based awards, share-based awards or non-equity incentive plan compensation granted to directors, other than directors who are also Named Executive Officers, outstanding as at June 30, 2015.

Please see "Part III – Information Concerning the Resulting Issuer – Stock Options Plan" for options anticipated to be held by officers and directors of the Resulting Issuer. It is anticipated that the Resulting Issuer will have a share-based awards incentive plan compensation in the 12 months following completion of the Transaction.

Incentive plan awards - value vested or earned during the year

H-Source does not have any option-based awards, share-based awards or non-equity incentive plan compensation which was vested or earned by each director, who is not a Named Executive Officer, for the fiscal year ended December 31, 2014.

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus, none of the directors and executive officers of H-Source or associates of such persons is indebted to H-Source or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by H-Source.

Arm's Length Transaction

The Transaction was negotiated by the parties dealing at arm's length with each other and in accordance with the policies of the Exchange.

See "Part I – Information Concerning BC Co – The Transaction".

Legal Proceedings

H-Source is not a party to any legal proceedings, nor is it aware of any legal proceedings to which any of its property or assets is the subject matter, and it is not aware of any such proceedings known to be contemplated.

Auditor

The auditor of H-Source is BDO USA, LLP, located at:

BDO USA, LLP - Spokane Office
601 W. Riverside Ave.
Suite 900
Spokane, WA 99201-0611

Upon Completion of the Merger and as of the date of this Prospectus, it is proposed that the Resulting Issuer's auditor will be H-Source's current auditor, BDO USA, LLP.

See "Part V – Auditor".

Transfer Agent and Registrar

H-Source currently has no transfer agent and registrar for its shares. The transfer agent and registrar for BC Co's Common Shares is Computershare Trust, 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, and Computershare will continue as transfer agent and registrar of the Resulting Issuer upon Completion of the Merger.

See "Part V – Transfer Agent and Registrar".

Material Contracts

Other than contracts entered into in the ordinary course of business, H-Source has not entered into any contracts material to investors, other than the following:

Sequoia Partners Inc.

H-Source has entered into an agreement with Sequoia Partners Inc. ("**Sequoia**") on March 3, 2015 to design and help management implement a brand awareness program to the investment community. Sequoia will be paid a monthly retainer of $6,500 per month plus applicable taxes for a period of 12 months from the effective date of listing on the CSE. Sequoia will also receive a stock option equal to 1% of the issued and outstanding capital of BC Co at the time of listing on the CSE.

Baron Global Financial Canada Ltd.

H-Source entered into an agreement with Baron Global Financial Canada Ltd. ("**Baron**") on February 24, 2015 and amended on July 9, 2015 to provide advisory services. Pursuant to the advisory services agreement, the Issuer retained Baron on a 12-month term upon listing on CSE to be its exclusive corporate advisor. Pursuant to the advisory services agreement, Baron would provide services such as: (i) advising of corporate governance principles and policies; (ii) advising of compliance issues; (iii) advising of continuous disclosure requirements; (v) liaison and coordination with the Issuer's legal counsel and auditor; (vi) assisting with and advising of corporate finance related matters; and (vii) making available the services of Denise Lok or such other individual to perform CFO services and serve as CFO and Corporate Secretary.

Pursuant to the advisory services agreement, H-Source agreed to pay Baron a monthly cash fee of $15,000 plus applicable tax upon listing on CSE and H-Source is responsible for all reasonable out-of-pocket expenses related to the services. Either party can terminate the agreement without any reason by providing 30 days written notice to the other party of the termination thereof. In addition, H-Source will grant 300,000 stock options to Baron.

BayFront Capital Partners, Ltd.

BC Co and H-Source entered into an Agency Agreement with BayFront Capital Partners, Ltd. (the "**Agent**") on March 24, 2015 to be their exclusive agents for the Private Placement Financing. The Resulting Issuer will issue to the Agent the Finder's Warrants entitling the purchase by the Agent of that number of Common Shares of the Resulting Issuer as is equal to 7.5% of that number of H-Source Shares issued under the Private Placement Financing, exercisable at a per share price of $0.15 for a period of 24 months from the date of Closing.

Einra Capital Corp.

On November 18, 2014 and restated through an amending agreement dated July 14, 2015, H-Source entered into a non-exclusive advisory agreement with Einra Capital Corp. ("**Einra**") pursuant to which Einra will provide advisory services to H-Source with respect to H-Source business. Under the terms of the agreement Einra has received 150,000 H-Source Shares and will receive a cash fee of $131,904 upon Closing.

Copies of these agreements may be inspected, without charge, at the registered office of H-Source at Suite 132, 850 East Spokane Falls Boulevard, Spokane, Washington, USA, 99202 during normal business hours until the date of Closing and for a period of 30 days thereafter.

PART III – INFORMATION CONCERNING THE RESULTING ISSUER

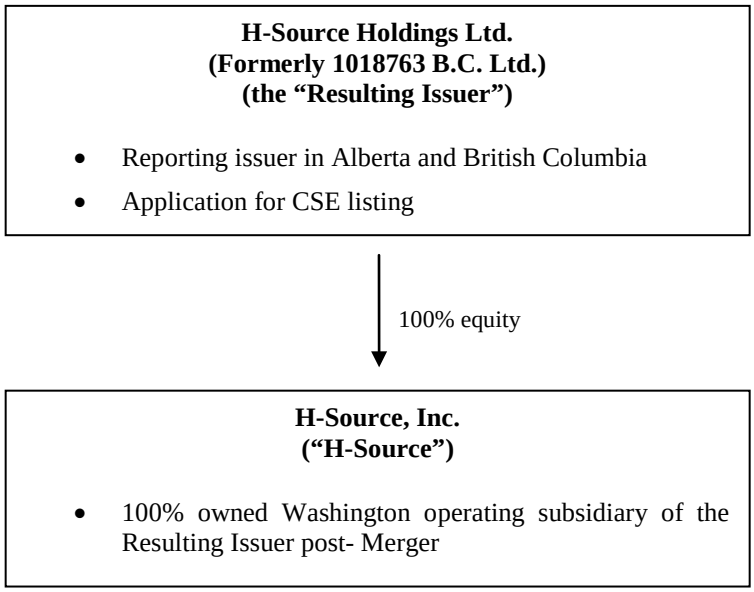
Name, Address and Incorporation

The corporate structure of the Resulting Issuer is the corporate structure of H-Source. The Resulting Issuer changed its name to "H-Source Holdings Ltd" on August 28, 2015.

The Resulting Issuer's head office is located at Suite 1980 - 1075 West Georgia Street, Vancouver British Columbia, V6E 3C9 Canada and its registered and records office will be located at Suite 1500 - 1055 West Georgia Street, Vancouver British Columbia, V6E 4N7 Canada.

Inter-corporate Relationships

The diagram below describes the inter-corporate relationship between the Resulting Issuer and H-Source post-Merger:



Narrative Description of the Business

Upon issuance of the Exchange's final approval for the listing of the Resulting Issuer Shares, the Resulting Issuer will be a technology issuer pursuant to the policies of the Exchange.

See "– Business Objectives and Milestones", which follows, and see also "Part II – Information Concerning H-Source – Narrative Description of the Business".

Use of Proceeds

This is a non-offering prospectus. The Resulting Issuer is not raising any funds in conjunction with this Prospectus. Accordingly, there are no proceeds to the Issuer, H-Source or the Resulting Issuer in connection with the filing of this Prospectus. H-Source has completed the Private Placement Financing of 17,587,333 Subscription Receipts at $0.15 per Subscription Receipt. The gross proceeds of the Private Placement Financing are $2,638,100. In addition, H-Source also completed the H-Source Bridge Loan in the amount of $265,000. The funds from the H-Source Bridge Loan, being $265,000, have already been spent by H-Source to develop its business and for working capital.

Funds Available and Use of Available Funds

As at July 31, 2015, the estimated consolidated working capital (deficiency), being current assets less current liabilities, for BC Co and H-Source was $(572,400). To the extent that the Resulting Issuer has negative operating cash flow in future periods, the Resulting Issuer may use a portion of the unallocated capital referenced in the table below to fund such negative operating cash flow. Upon completion of the Merger, the Resulting Issuer will have working capital of approximately $1,764,000. The principal purposes for the use of those funds for the next twelve months will be as follows:

Item	**$**
Funds Available	
Working capital of BC Co. as at June 30, 2015	94,736
Working capital deficiency of H-Source as at June 30, 2015	(728,957)
Private Placement Financing (gross)	2,638,100
Agency fee (cash)	(209,107)
Estimated remaining transaction cost	(30,000)
Total	**1,764,772**
Principal Purposes for the use of Funds Available	
Prospectus related cost	75,000
Marketing Agency – Branding	67,000
Investor Relations	250,000
Software & Interoperability Enhancements	215,000
Support Infrastructure	95,000
Network Infrastructure	85,000
Sales Marketing & Commercialization	510,000[(1)]
General & Administrative	365,000[(2)]
Unallocated Working Capital	102,772
Total	**1,764,772**

Notes:

(1) For a breakdown of Sales Marketing & Commercialization see the chart on page 34.

(2) General & Administrative is broken down as follows: (i) salaries (US$18,333.33 per month / approximately $24,106 per month), (ii) rent (US$1,900 per month / approximately $2,500 per month), (iii) utilities (US$1,500 per month / approximately $1,975 per month), and (iv) office supplies and miscellaneous (US$1,395 per month / approximately $1,835 per month). Figure does not total $365,000 due to rounding and currency conversion. Currency conversion based on an exchange rate of US$1.00 equals $1.3149.

The Resulting Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons a reallocation of funds may be necessary. Use of net proceeds will be subject to the discretion of management.

Business Objectives and Milestones

Following completion of the Transaction, the Resulting Issuer's primary business objectives and milestones are the following:

Objective	**Timeline/Comment**	**Cost**
File Prospectus and apply to list its common shares on the Canadian Securities Exchange	July 2015 to August 2015	$75,000
Engage Marketing Advertising Agency	August 2015 to December 2015	$67,000
Investor Relations	August 2015 to August 2016	$250,000
Software and Interoperability Enhancements	August 2015 to August 2016	$215,000

Objective	Timeline/Comment	Cost
Support infrastructure	August 2015 to August 2016	$95,000
Network infrastructure	August 2015 to August 2016	$85,000
Sales, marketing, commercialization	August 2015 to August 2016	$510,000
General & Administrative	August 2015 to December 2016	$365,000
Unallocated working capital	For the period August 2015 to August 2016	$102,772
Total		**$1,764,772**

See in "Part II - Information Concerning H-Source – Narrative Description of the Business".

Dividends or Distributions

The Resulting Issuer intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on the Resulting Issuer Shares in the foreseeable future.

Pro Forma Consolidated Financial Information

The following table sets forth selected pro forma consolidated financial information of H-Source and BC Co as at June 30, 2015, as if the Transaction and Private Placement Financing have been completed as at June 30, 2015.

As at June 30, 2015	BC Co $	H-Source $	Pro Forma Adjustments $	Pro Forma $
Balance sheet				
Current assets	100,596	320,202	1,858,501	2,279,299
Total assets	100,596	694,004	1,858,501	2,653,101
Current liabilities	5,860	1,007,242	(493,287)	559,814
Total liabilities	5,860	1,023,956	(510,001)	559,814
Shareholders' Equity (accumulated deficit)	94,736	(329,952)	2,368,503	2,133,287

Description of Securities

Authorized and Issued Share Capital

The Resulting Issuer will be authorized to issue an unlimited number of Resulting Issuer Shares of which, as of the date of this Prospectus and giving effect to the completion of the Transaction, including the Private Placement Financing, 46,902,031 Resulting Issuer Shares are issued and outstanding as fully paid and non-assessable, on a non-diluted basis. The authorized share capital of the Resulting Issuer includes Class B preferred shares of which no Class B preferred shares are issued and outstanding.

The holders of the Resulting Issuer Shares are entitled to vote at all meetings of shareholders of the Resulting Issuer, to receive dividends if, as and when declared by the directors and, subject to the rights of holders of any shares ranking in priority to or on a parity with the Resulting Issuer Shares, to participate rateably in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Resulting Issuer. The Resulting Issuer Shares are not subject to any future call or assessments and do not have any pre-emptive rights or redemption rights.

See "– Pro Forma Consolidated Capitalization, and – Fully Diluted Share Capital", which follow; and see also in "Part I – Information Concerning the Issuer – Description of the Securities".

Finder Warrants to Purchase Common Shares

In connection with the Private Placement Financing in accordance with the terms of the Merger Agreement and the Agency Agreement entered into by H-Source, BC Co and the Agent, the Resulting Issuer issued to the Agent, and members of the Agent's selling group, Finder Warrants entitling the purchase by the Agent, or members of the Agent's selling group, as the case may be, that number of Resulting Issuer Shares as is equal to 7.5% of that number of eligible H-Source Shares issued under the Private Placement Financing, exercisable at a per share price of $0.15 for a period of 24 months from the date of Closing, being August 31, 2017.

See "Part I – Information Concerning the Issuer – The Transaction"; and see "– Information Concerning the Resulting Issuer – Fully Diluted Share Capital".

Options to Purchase Securities

The Board of Directors of the Resulting Issuer granted incentive stock options to purchase Resulting Issuer Shares prior to Closing.

See "– Stock Option Plan". See also "– Fully Diluted Share Capital".

Pro Forma Consolidated Capitalization

The following table sets out the share capitalization of the Resulting Issuer after giving effect to the Transaction and Private Placement Financing:

Designation of Security	Amount authorized or to be authorized	Amount outstanding after giving effect to the Transaction and Private Placement Financing
Common Shares	Unlimited	46,902,031
Preferred Shares	Unlimited	Nil
Loan Capital	Nil	Nil

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Resulting Issuer after giving effect to the Transaction and Private Placement Financing:

	Number of Securities Issued or Reserved as of the closing of the Transaction and Private Placement Financing	% of total issued and outstanding as of the closing of the Transaction and Private Placement Financing (fully diluted)
BC Co Shares issued at the date of Prospectus	4,530,000[(1)]	8.99%
BC Co Shares to BC Co Parent Shareholders under the Canadian Arrangement Agreement	1,010,549	2.01%
Resulting Issuer Shares issued on closing of the Transaction to the H-Source Stockholders	40,361,482[(2)]	80.13%
Finder's fee shares pursuant to the Transaction	1,000,000[(3)]	1.98%
Shares to be issued on exercise of Finder Warrants	1,319,050	2.62%

	Number of Securities Issued or Reserved as of the closing of the Transaction and Private Placement Financing	% of total issued and outstanding as of the closing of the Transaction and Private Placement Financing (fully diluted)
Resulting Issuer Shares to be issued on exercise of Resulting Issuer stock options	2,149,020	4.27%
Total	**50,370,101**	**100%**

Notes:

(1) This figure excludes the one (1) BC Co Share issued to the incorporator. Such BC Co Share will be cancelled upon Closing.

(2) Amongst the 40,361,482 Resulting Issuer Shares issued to H-Source Stockholders, 17,587,333 Resulting Issuer Shares is from the Private Placement Financing and 2,774,149 Resulting Issuer Shares is from the conversion of the principal and interest of the H-Source Bridge Loan, and 20,000,000 Resulting Issuer Shares are issued to Existing H-Source Stockholders pursuant to the Merger.

(3) 500,000 Resulting Issuer Shares issued to each of Sequoia Partners Inc. and LED Capital Ltd.

Stock Option Plan

Stock Option Incentive Plan

The Resulting Issuer's Stock Option Plan will be a "rolling" stock option plan, pursuant to which the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officer, employees and consultants, non-assignable and non-transferable options to purchase the Resulting Issuer Shares, provided that the number of Resulting Issuer Shares reserved for issuance will not exceed 10% of the then issued and outstanding shares. The options will be exercisable up to 10 years from the date of grant, so long as the optionee maintains the optionee's position with the Resulting Issuer.

Under the proposed plan, the number of Resulting Issuer Shares reserved for issuance to any optionee will not exceed 5% of the then issued and outstanding shares and the number of Resulting Issuer Shares reserved for issuance to consultants will not exceed 2% of the then issued and outstanding shares. Furthermore, the minimum exercise price of an option granted under the Stock Option Plan must not be less than the Discounted Market Price (as such term is defined in the policies of the Exchange and other applicable regulatory authorities).

Options that will be granted to an optionee who does not continue as a director, officer, employee or consultant of the Resulting Issuer will expire 30 days after such optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer.

The following table sets forth all options to purchase securities of the Resulting Issuer that were issued prior to Closing:

Optionee	Number of the Resulting Issuer Shares to be Optioned(1)	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant $	Market Value of Shares under Option on the date of this Prospectus $
John Kupice	500,000	$0.15	5 years from the Closing	75,000	75,000
Murray Walden	500,000	$0.15	5 years from the Closing	75,000	75,000
Ronald Overstreet	120,000	$0.15	5 years from the Closing	18,000	18,000

Optionee	Number of the Resulting Issuer Shares to be Optioned[1]	Purchase Price	Expiry Date	Market Value of Shares under Option on the date of grant $	Market Value of Shares under Option on the date of this Prospectus $
Savio Chiu	100,000	$0.15	5 years from the Closing	15,000	15,000
Denise Lok	160,000	$0.15	5 years from the Closing	24,000	24,000
Baron Global Financial Canada Ltd.	300,000	$0.15	5 years from the Closing	45,000	45,000
Sequoia Partners Inc.	469,020[2]	$0.15	5 years from the Closing	70,353	70,353
Total	**2,149,020**			**322,353**	**322,353**

Notes:

(1) Stock Options granted prior to Closing.

(2) Options to Sequoia Partners Inc. will equal 1% of the issued and outstanding Resulting Issuer Shares on listing on the CSE. This number is based on 46,902,031 Resulting Issuer Shares issued and outstanding at listing, and is rounded down.

Common Shares

H-Source has authorized 100,000,000 shares of common stock. The following table represents the H-Source Shares issued immediately prior to Closing, including restricted shares, if any, issued since incorporation.

Date of Issuance	Price Per Share (US$)	No. of Common Shares issued[1]
June 1, 2014	0.10	1,487,500
June 1, 2014	0.16	498,750
June 1, 2014	0.25	368,750
June 1, 2014	0.33	210,000
June 1, 2014	0.40	75,000
November 1, 2014	0.67	2,250
December 24, 2014	0.67	15,000
January 11, 2015	0.67	7,500
February 11, 2015	0.67	7,500
February 26, 2015	0.67	37,500
March 31, 2015	0.67	677,500
June 10, 2015	0.67	3,750
June 14, 2015	0.67	15,000
June 18, 2015	0.67	60,075
June 26, 2015	0.67	150,000

June 30, 2015	0.67	17,233
July 31, 2015	0.67	99,831
Total		**3,733,139**

Notes:
(1) This table excludes H-Source Shares to be issued in connection with the Private Placement Financing.

See "– Description of the Securities".

Escrowed Shares

The following table sets out, as at the date of this Prospectus, the number and percentage of the H-Source Shares held in escrow prior to giving effect to the Transaction, and the number and percentage of the Resulting Issuer Shares that are held in escrow after giving effect to the Transaction (including the Arrangement) and the Private Placement Financing, but before giving effect to the initial release of the escrowed Resulting Issuer Shares under the new escrow agreement.

		Prior to Giving Effect to the Transaction		**After Giving Effect to the Transaction and the Private Placement Financing**	
Name and Municipality of Residence of Security holder	**Designation of Class**	**Number of H-Source shares held in escrow**	**Percentage of class**	**Number of Resulting Issuer Shares to be held in escrow(1)**	**Percentage of class**
John Kupice Spokane, Washington	Common	Nil	Nil	1,826,500	3.9%
Murray Walden Spokane, Washington	Common	Nil	Nil	7,873,955	16.8%
Ronald Overstreet Spokane, Washington	Common	Nil	Nil	151,711	0.3%
			Total	**9,852,166**	21%

Notes:
(1) Escrowed Resulting Issuer Shares will be held by the Transfer Agent. Such escrowed Resulting Issuer Shares will be escrowed on Closing per National Policy 46-201 – *Escrow for Initial Public Offerings* and released pursuant to that Policy. See "-The CSE Escrow Shares".

The CSE Escrow Shares

The CSE Escrow Shares are held in escrow pursuant to the CSE Escrow Agreement. There are to be 9,852,166 Shares to be held in escrow. These are held in escrow as required by CSE policy on completion of the Transaction.

The CSE Escrow Shares are to be subject to the release schedule set out in the form of escrow required by s. 1.8 of Policy 8 – Fundamental Changes of the CSE. Ten (10%) percent of the CSE Escrow Shares are to be released upon the date of listing on the CSE and an additional 15% are to be released every 6 months thereafter until all CSE Escrow Shares have been released (36 months following the date of listing on the CSE).

The CSE Escrow Agreement provides that the CSE Escrow Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, transferred within escrow or otherwise dealt with in any manner without the prior written consent of the CSE. In the event of the bankruptcy of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the CSE

Escrow Shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the CSE does not object, the CSE Escrow Shares held by the escrow shareholder will be released from escrow.

Shares Subject to Resale Restrictions

The 4,530,000 BC Co Shares issued on April 21, 2015, April 24, 2015, and July 9, 2015, are subject to a four month and a day hold period pursuant to the requirements of National Instrument 45-102 *Resale of Securities*. The 1,000,000 Resulting Issuer Shares issued as finder's fees to Sequoia Partners Inc. and LED Capital Ltd. are also subject to a four month and a day hold period from the date of issuance. The four month and a day hold period for the finder's fee issuances expire on January 1, 2016.

Principal Shareholders

To the knowledge of the directors and senior officers of the Resulting Issuer, as of the date of this Prospectus, no person is anticipated to own of record or beneficially, directly or indirectly, or exercise control or direction over, the Resulting Issuer's Shares carrying more than 10% of all voting rights attached to the outstanding the Resulting Issuer's common shares except the following:

Name	Number of Resulting Issuer Shares After Giving Effect to the Transaction and Private Placement Financing	Percentage After Giving Effect to the Transaction and Private Placement Financing[2]
Murray Walden[1]	7,873,955	15.6%[3]

Notes:
[1] The Resulting Issuer Shares are jointly held by Mr. Walden and his spouse.
[2] Upon Closing the Resulting Issuer has a fully diluted share capital of 50,370,101 Resulting Issuer Shares, see "– Fully Diluted Share Capital". Mr. Walden was granted 500,000 stock options of the Resulting Issuer. Accordingly, on a fully diluted basis and taking into account the 500,000 stock options of the Resulting Issuer, Murray Walden and his spouse hold 15.6% of the Resulting Issuer on a fully diluted basis.
[3] Calculated on a fully diluted basis. For information on fully diluted share capital see: "– Fully Diluted Share Capital".

Directors, Officers and Promoters

The following table sets out the name, municipality and province of residence, position held with the Resulting Issuer, current principal occupation, and the number and percentage of the Resulting Issuer's Shares beneficially owned, directly or indirectly, or over which control or direction is proposed to be exercised, by each of the Resulting Issuer's director and officer following. Each director's term expires on the earlier of the Resulting Issuer's next annual general meeting, or his resignation.

Name and Municipality of Residence	Position to be held with the Resulting Issuer	Principal Occupation for the Past Five Years	Number of Resulting Issuer Shares after Completion of the Transaction and Private Placement Financing	Percentage of class after Completion of the Transaction and Private Placement Financing
John Kupice Spokane, Washington	CEO and Director	Chief Executive Officer of H-Source, Inc. August 2013 to present. Prior Vice-President of Technology/ Development for TruCare Solutions Inc. Sept. 2011 to August 2013. Prior President of Legend Physical Therapy from Dec 2010 to August 2011. Prior Chief Executive Officer for Pneumex Inc. June 2009 to August 2011.	1,826,500[(1)]	3.9%
Murray Walden Spokane, Washington	President and Director	President and founder of H Source Inc. October 2011 to present. Prior Laparoscopic Conversion Manager for Applied Medical from Sept. 2007 to October 2011.	7,873,955[(2)]	16.8%
Ronald Overstreet Spokane, Washington	Director	Currently Senior Vice President of Business and Corporate Development for Magnetic, Inc. (MYBUYS was acquired by Magnetic, Inc. in May, 2015), April 2009 to present. Prior co-founder of Thump Games August 2010 to January 2011.	151,711[(3)]	0.3%
Savio Chiu Vancouver, British Columbia	Director	Senior Manager, Corporate Finance at Baron Global Financial Canada Ltd. from June 2009 to present; Associate of TD Commercial Bank from November 2008 to May 2009; Senior Associate of Deloitte & Touche LLP from September 2005 to October.	Nil [(4)]	0%
Denise Lok Vancouver, British Columbia	CFO and Corporate Secretary	Senior Manager, Corporate Finance at Baron Global Financial Canada Ltd. from May 2009 to present; Senior Associate of PricewaterhouseCoopers from October 2005 to February 2009.	Nil [(5)]	0%

Notes:

(1) In addition Mr. Kupice holds 500,000 stock options of the Resulting Issuer exercisable at $0.15 per Resulting Issuer Share for a period of five years from Closing. Mr. Kupice is also a promoter of the Resulting Issuer.

(2) In addition Mr. Walden holds 500,000 stock options of the Resulting Issuer exercisable at $0.15 per Resulting Issuer Share for a period of five years from Closing. Mr. Walden holds H-Source Shares (and Resulting Issuer Shares when issued) are held jointly with his wife. Mr. Walden is also a promoter of the resulting issuer.

(3) In addition Mr. Overstreet holds 120,000 stock options of the Resulting Issuer exercisable at $0.15 per Resulting Issuer Share for a period of five years from Closing.

(4) Mr. Chiu holds 100,000 stock options of the Resulting Issuer exercisable at $0.15 per Resulting Issuer Share for a period of five years from Closing.

(5) Ms. Lok holds 160,000 stock options of the Resulting Issuer exercisable at $0.15 per Resulting Issuer Share for a period of five years from Closing.

The directors and officers of the Resulting Issuer as a group beneficially own, directly or indirectly, or exercise control or direction over an aggregate of 9,852,166 the Resulting Common Issuer Shares, representing 21% of the issued and outstanding the Resulting Issuer Shares (on an undiluted basis). Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.

The Resulting Issuer's audit committee is comprised of Ronald Overstreet (Chairman), Savio Chiu and John Kupice. Ronald Overstreet and Savio Chiu will be independent members. All members are considered financially literate. There are no other committees of the Board at this time. It is not anticipated that the Resulting Issuer will have any other committees upon the completion of the Transaction. All compensation and corporate governance matters will be overseen by the Board of Directors of the Resulting Issuer.

The directors and officers will devote their time and expertise as required by the Resulting Issuer, however, it is not anticipated that any director will devote 100% of their time to the activities of the Resulting Issuer. Except for John Kupice (who will be the CEO and a director) and Murray Walden (who will be the President and director) of the Resulting Issuer respectively, none of the other directors will be employees of the Resulting Issuer.

The Resulting Issuer is expected to enter into a management agreement with Murray Walden for his services as President and John Kupice for services as CEO. The Resulting Issuer will pay each Murray Walden and John Kupice $8,333.33 USD per month for these services. As part of this management agreement, Messrs. Kupice and Walden will agree to confidentiality and non-disclosure provisions.

The Resulting Issuer is also expected to enter into a contract with Baron Global Financial Canada Ltd. for the Chief Financial Officer services. As part of the agreement, Baron will agree to confidentiality and non-disclosure provisions. See "– Executive Compensation". Other than these agreements, none of the directors or officers is expected to enter into a non-competition or non-disclosure agreement with the Resulting Issuer at this time. See also "– Directors and Management" below for additional biographic information about the proposed directors and officers.

Directors and Management

John Kupice, (Age: 58) CEO and Director

Mr. Kupice is a visionary operations executive with over 25 years experience in the Enterprise Resource Planning (ERP) and technology implementations in health care organizations. He has developed financial, regulatory and management reporting systems, financial modeling and budgeting, financial analysis and key performance indicators for several large healthcare and service organizations. He was responsible for program management on the McGraw Hill global implementation of all the Lawson ERP modules for finance and human resources. He was also the quality review partner for Ernest & Young, LLP in implementing Lawson for several large Catholic Health networks. During his tenure with Ernest & Young he won the Lawson Partner of the Year award. Mr. Kupice graduated from the University of West Florida – College of Business. See "– Directors, Officers and Promoters" for a summary of Mr. Kupice's professional activities for the past five years.

Mr. Kupice works full-time under an employment contract and has entered into a non-competition and non-disclosure agreement with H-Source.

In his capacity as CEO, Mr. Kupice will provide direction and skills with respect to the development of the Resulting Issuer to achieve the Resulting Issuer's various milestones. Further, Mr. Kupice will be responsible for the guiding strategy and direction of the Resulting Issuer.

Murray Walden, (Age: 49) President and Director

Mr. Walden as co-founder and President of H-Source, Inc. has over 15 years experience as a successful medical device sales representation and manager for companies such as Medtronic and Applied Medical. His extensive knowledge of medical products life cycle from development to purchase and final clinical use gives him a strong understanding of the Group Purchasing Organizations ("**GPO**") and Integrated Delivery Network ("**IDN**") contract

purchasing agreements and supply chain management. Mr. Walden graduated from Iowa State University. See "– Directors, Officers and Promoters" for a summary of Mr. Walden's professional activities for the past five years.

Mr. Walden works full-time under an employment contract and has entered into a non-competition and non-disclosure agreement with H-Source.

In his capacity as President, Mr. Walden will provide direction and skills with respect to the technological needs of the Resulting Issuer and the development of the Resulting Issuer's software.

Savio Chiu, (Age: 32) Independent Director

Savio Chiu is a Chartered Account and holds a Bachelor of Commerce degree in Accounting from the University of British Columbia. He is currently the Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. Previously, he was a senior associate with Deloitte & Touche LLP where he gained experience leading large teams for audits under IFRS. He is currently an officer of Confederation Minerals Ltd. (TSXV: CFM), and a director of Helius Medical Technologies. (CSE: HSE). Mr. Chiu has previously held various management and directorship positions with other public companies. See "– Directors, Officers and Promoters" for a summary of Mr. Chiu's professional activities for the past five years.

Mr. Chiu is not a party to any employment, non-competition or confidentiality agreement with H-Source (nor is he expected to be a party to any employment, non-competition or confidentiality agreement of the Resulting Issuer upon Closing). It is expected that Mr. Chiu will devote approximately 20% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a director.

See "– Other Reporting Issuer Experience" for Mr. Chiu's professional experience with respect to listed companies for the past five years.

Ronald Overstreet, (Age: 51) Independent Director

Mr. Overstreet is an experienced executive in marketing and development of B2B software and services companies. His functional experience includes e-commerce, email marketing, digital advertising, marketing automation, channel solutions and IT development tools. Mr. Overstreet is the current Senior Vice-President of Business and Corporate Development for Magnetic, Inc. (MYBUYS was acquired by Magnetic, Inc. in May 2015), the market leader in personalization for retailers. He was previously the VP of Marketing & Business Development at Blue Martini Software (NASDAQ: BLUE), a software manufacturer and professional services provider, President and CEO of Encover, Inc., an automated services provider (acquired by Synnex, Inc. in November 2010), and President and CEO at RTIME, Inc., a provider of products and services that support real-time interactivity (acquired by Sony Computer Entertainment America in August 2000). Mr. Overstreet has a BA in Economics from Stanford University. See "– Directors, Officers and Promoters" for a summary of Mr. Overstreet's professional activities for the past five years.

Mr. Overstreet is not a party to any employment, non-competition or confidentiality agreement with H-Source (nor is he expected to be a party to any employment, non-competition or confidentiality agreement of the Resulting Issuer upon Closing). It is expected that Mr. Overstreet will devote approximately 10% of his time to the business of the Resulting Issuer to effectively fulfill his duties as a director.

Denise Lok, (Age: 31) CFO and Corporate Secretary

Denise Lok is a Chartered Accountant and holds a Bachelor of Commerce degree in Accounting and Transportation Logistics from the University of British Columbia. Ms. Lok is currently the Senior Manager, Corporate Finance of Baron Global Financial Canada Ltd. Previously, she was a senior associate with PricewaterhouseCoopers where she gained experience leading teams for audits under IFRS. See "– Directors, Officers and Promoters" for a summary of Ms. Lok's professional activities for the past five years.

Ms. Lok is not a party to any employment, non-competition or confidentiality agreement with H-Source (nor is she expected to be a party to any employment, non-competition or confidentiality agreement of the Resulting Issuer upon Closing). It is expected that Ms. Lok will devote approximately 20% of her time to the business of the Resulting Issuer to effectively fulfill her duties as an officer.

Ms. Lok, in her capacity as CFO, will be responsible for accounting and financial compliance functions of the Resulting Issuer.

See "– Other Reporting Issuer Experience" for Ms. Lok's professional experience with respect to listed companies for the past five years.

Other Reporting Issuer Experience

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Savio Chiu	Cassius Ventures Ltd.	TSXV	CFO and Corporate Secretary	July 2010	June 2011
	Helius Medical Technologies Inc.	CSE	Director	June 2014	Present
	Lifestyle Delivery Systems Inc.	CSE	Director	December 2013	Present
	Delon Resources Corp.	CSE	CFO and Corporate Secretary	January 2011	April 2013
	Cerro Mining Corp	TSXV	Corporate Secretary	November 2011	September 2013
	Golden Fame Resources Corp.	TSXV	CFO and Corporate Secretary	October 2010	August 2013
	Confederation Minerals Ltd.	TSXV	CFO and Corporate Secretary	April 2011	Present
	Finore Mining Inc.	CSE	Director	December 2010	August 2014
Denise Lok	Lifestyle Delivery Systems Inc.	CSE	CFO and Corporate Secretary	September 2010	Present
	Confederation Minerals Ltd.	TSXV	Director	April 2015	Present
	Eight Solutions Inc.	CSE	Director	January 2011	December 2013

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
	Finore Mining Inc.	CSE	CFO	May 2010	December 2013
	Corazon Gold Corp. (formerly known as ICN Resources Ltd.)	TSXV	CFO and Corporate Secretary	August 2010	October 2012

Corporate Cease Trade Orders or Bankruptcies

Other than as disclosed herein, to the best of the Resulting Issuer's knowledge, no existing or proposed director, officer of the Resulting Issuer, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of BC Co is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation (including the Resulting Issuer) that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Penalties or Sanctions

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of the Resulting Issuer, nor any shareholder holding sufficient securities of BC Co to materially affect control of BC Co has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

To the best of the Resulting Issuer's knowledge, no existing or proposed director or officer of BC Co, nor any shareholder holding sufficient securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Resulting Issuer are required by law to act honestly and in good faith with a view to the best interests of the Resulting Issuer and to disclose any interests, which they may have in any project or opportunity of the Resulting Issuer. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

To the best of the Resulting Issuer's knowledge, and other than as disclosed herein, there are no known existing or potential conflicts of interest among the Resulting Issuer, its promoters, directors and officers or other members of management of the Resulting Issuer or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Resulting Issuer and their duties as a director or officer of such other companies.

Executive Compensation

The summary compensation table sets out particulars of compensation paid for the fiscal years ended December 31, 2014 to the individuals who were Chief Executive Officer and the Chief Financial Officer (the "**Named Executive Officers**") during those periods. BC Co does not have any other executive officers whose total salary and other compensation during such period exceeded $150,000.

Compensation Discussion and Analysis

The Resulting Issuer does not have a compensation committee or a formal compensation policy and relies solely on the Board of Directors to determine the compensation of the Named Executive Officers. In determining compensation, the Board of Directors considers industry standards and financial situation but does not currently have any formal objectives or criteria. The performance of each Named Executive Officer is informally monitored by the Board of Directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer. The Resulting Issuer is expected to rely solely on the Board to determine the compensation of the executive officers. In determining compensation, the Board will consider industry standards and the Resulting Issuer's financial situation without any formal objectives or criteria.

Option-based Awards

Please see "*Options to Purchase Securities*". In considering new grants to executive officers, the Board of Directors considers the number of options, if any, previously granted to each executive officer.

Summary Compensation Table

The following table sets out particulars of compensation paid to the Named Executive Officers for the fiscal years ended December 31, 2014 of H-Source. BC Co did no pay any compensation to the named executive officers for the fiscal year ended December 31, 2014.

Name and Principal Position	**Year (or part)**	**Salary** (US$)	**Share-based awards (US$)**	**Option-based awards (US$)**	**Non-equity incentive plan compensation (US$)**		**Pension value (US$)**	**All other compensation (US$)**	**Total compensation (US$)**
					Annual incentive plans	**Long-term incentive plans**			
John Kupice, CEO	2014	Nil	$86,658[(1)]	Nil	Nil	Nil	Nil	34,000	$120,658
Murray Walden, President	2014	Nil	$66,660[(1)]	Nil	Nil	Nil	Nil	56,000	$122,660

Note:
(1) Issued on March 31, 2015.

The following table sets out the anticipated compensation to the Resulting Issuer's CEO and CFO for the 12-month period after giving effect to the Transaction.

Name and Principal Position	Year (or part)	Salary (US$)	Share-based awards (US$)	Option- based awards[2] (US$)	Non-equity incentive plan compensation (US$)		Pension value (US$)	All other compensation (US$)	Total compensation (US$)
					Annual incentive plans	Long- term incentive plans			
John Kupice, CEO	2015-2016	$100,000	Nil	Nil	Nil	Nil	Nil	Nil	$100,000
Murray Walden, President	2015-2016	$100,000	Nil	Nil	Nil	Nil	Nil	Nil	$100,000
Denise Lok, CFO and Corporate Secretary	2015-2016	Nil	Nil	Nil	Nil	Nil	Nil	$144,000 [1]	$144,000

Notes:
[1] The compensation will be paid in Canadian dollars to Baron pursuant to the consulting agreement between Baron and the Company.
[2] John Kupice and Murray Walden will each receive 500,000 stock options and Denise Lok will receive 160,000 stock options at an exercise price of C$0.15, which is the same price of the Private Financing; therefore, the value is nil.

Incentive Plan Awards

H-Source does not have any option-based awards, granted to the Named Executive Officers outstanding as at June 30, 2015 – all existing restricted stock was issued on June 30, 2015. No outstanding incentive plans for H-Source, Inc. at June 30, 2015. BC Co does not have any share-based awards.

Please see "Part III – Information Concerning the Resulting Issuer – Options to Purchase Securities" for options to be held by the officers of the Resulting Issuer.

Incentive plan awards - value vested or earned during the year

H-Source does not have any option-based awards which vested in the Named Executive Officers for the fiscal year ended December 31, 2014. BC Co does not have any share-based awards or non-equity incentive plan compensation.

Pension Plan Benefits

The Resulting Issuer does not have any pension or retirement plan or any deferred compensation plan. It is not anticipated that the Resulting Issuer will have any pension or retirement plan or deferred compensation plan in the 12 months following completion of the Transaction.

Termination and Change of Control Benefits

The Resulting Issuer does not have any contract, agreement, plan or arrangement that provides for payments to the Named Executive Officers at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change in control of the Resulting Issuer or a change in a Named Executive Officer's responsibilities. It is not anticipated that the Resulting Issuer will enter into any such agreement with its CEO or CFO in the 12 months following completion of the Transaction.

Director Compensation

There was no compensation provided to the directors, who are not Named Executive Officers, for the financial year ended December 31, 2014. It is anticipated that the Resulting Issuer will not pay directors for attending meetings in their capacity as directors.

Share-based awards, option-based awards and non-equity incentive plan compensation

H-Sources does not have any option-based awards granted to directors, other than directors who are also Named Executive Officers, outstanding as at December 31, 2014. BC Co does not have any share-based awards or non-equity incentive plan compensation.

Please see "Options to Purchase Securities" for options anticipated to be held by directors of the Resulting Issuer. It is not anticipated that the Resulting Issuer will have any share-based awards or non-equity incentive plan compensation in the 12 months following completion of the Transaction.

Incentive plan awards - value vested or earned during the year

H-Sources does not have any option-based awards which vested in each director, who is not a Named Executive Officer, for the fiscal year ended December 31, 2014. BC Co does not have any share-based awards or non-equity incentive plan compensation.

Indebtedness of Directors and Executive Officers

As at the date of this Prospectus none of the directors and executive officers of BC Co, proposed directors and officers for the Resulting Issuer, or associates of such persons is indebted to BC Co, H-Source or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by BC Co or H-Source.

Audit Committee and Corporate Governance

The Audit Committee's Charter

The text of the audit committee's charter is attached hereto as Appendix "F". It is anticipated that the Resulting Issuer will adopt this charter.

Composition of the Audit Committee

The members of the audit committee of the Resulting Issuer will consist of Ronald Overstreet, Savio Chiu and John Kupice.

Relevant Education and Experience

All members of the audit committee of the Resulting Issuer have been involved or had experience with audit committees. In addition to audit committee experience, Savio Chiu has many years of experience as a director and/or officer of reporting issuers and John Kupice was a quality review audit partner for Ernest & Young, LLP. Ronald Overstreet is a graduate of Stanford University with a BA in Economics and has extensive operating experience in senior executive roles at both public and private companies, including serving as President and CEO of Encover, Inc., an automated services provider, and President and CEO at RTIME, Inc., a provider of products and services that support real-time interactivity, each of which was successfully acquired by a global, publicly-traded corporation.

Each audit committee member has had extensive experience reviewing financial statements. Each member has an understanding of the Resulting Issuer's business and has an appreciation for the relevant accounting principles for that business.

Audit Committee Oversight

At no time since the beginning of the fiscal year completed December 31, 2014 was a recommendation of the audit committee to nominate or compensate an external auditor not adopted by the Board of Directors.

Reliance on Certain Exemptions

At no time since the beginning of the fiscal year ended December 31, 2014 has BC Co or H-Source relied on the exemption provided in section 2.4 of NI 52-110 *(*De Minimis Non-Audit Services*)* or an exemption from NI 52-110, in whole or in part, granted under Part 8 *(Exemptions).* It is not anticipated that the Resulting Issuer will rely on any of the above exemptions.

Pre-Approval Policies and Procedures

The audit committees of BC Co or H-Source have not adopted specific policies and procedures for the engagement of non-audit services but all such services will be subject to the prior approval of the audit committee. It is not anticipated that the Resulting Issuer will adopt specific policies and procedures.

External Auditor Service Fees

The aggregate fees billed by the external auditors of H-Source and BC Co for the fiscal year ended December 31, 2014 for the following fees are:

BC Co

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2014	$2,500	Nil	$500	Nil

H-Source

Fiscal Year Ended	Audit Fees	Audit-Related Fees	Tax Fees	All Other Fees
2014	US$45,000	Nil	US$2,000	Nil

Corporate Governance Practices

Corporate governance relates to the activities of the Board of Directors, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with the day-to-day management of the Resulting Issuer. The Board is committed to sound corporate governance practices, which are both in the interest of its shareholders and contribute to effective and efficient decision making. The Board is of the view that the Resulting Issuer's general approach to corporate governance, summarized below, is appropriate and substantially consistent with objectives reflected in the guidelines for improved corporate governance in Canada adopted by the Canadian Securities Administrators (the "**National Guidelines**").

Board of Directors

The Board is currently composed of 4 directors.

The National Guidelines suggest that the board of directors of every listed company should be constituted with a majority of individuals who qualify as "unrelated" directors. An "unrelated" director is a director who is independent of management and is free from any interest and any business or other relationship which could or could reasonably be perceived to materially interfere with the director's ability to act with a view to the best interests of the Resulting Issuer, other than interests and relationships arising from shareholding. In addition, where a company has a significant shareholder, the National Guidelines suggest that the board of directors should include a number of directors who do not have interests in either the company or the significant shareholder.

Ronald Overstreet and Savio Chiu are considered by the Board to be "unrelated" within the meaning of the Guidelines. In assessing the Guidelines and making the foregoing determinations, the circumstances of each director have been examined in relation to a number of factors.

Other Directorships

The following table sets out the proposed directors of the Resulting Issuer who are presently directors of other issuers that are reporting issuers in any Canadian jurisdiction.

Name	Name and Jurisdiction of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Savio Chiu	Helius Medical Technologies Inc.	CSE	Director	June 2014	Present
	Lifestyle Delivery Systems Inc.	CSE	Director	December 2013	Present

Orientation and Continuing Education

The Board has not adopted formal steps to orient new board members. The Board's continuing education is typically derived from correspondence with the legal counsels of BC Co to remain up to date with developments in relevant corporate and securities law matters. It is not anticipated that the board of the Resulting Issuer will adopt formal steps in the 12 months following completion of the Transaction.

Ethical Business Conduct

The Board has not adopted formal guidelines to encourage and promote a culture of ethical business conduct but does promote ethical business conduct by nominating board members it considers ethical, by avoiding or minimizing conflicts of interest and by having a sufficient number of its board members independent of corporate matters. It is not anticipated that the board of the Resulting Issuer will adopt formal guidelines in the 12 months following completion of the Transaction.

PART IV – RISK FACTORS

The following are certain factors relating to the Transaction and business of the Resulting Issuer assuming completion of the Transaction, which factors investors should carefully consider when making an investment decision concerning the shares of the Resulting Issuer. These risks and uncertainties are not the only ones facing the Resulting Issuer. Additional risks and uncertainties not presently known to H-Source or which are currently deemed immaterial, may also impair the operations of the Resulting Issuer. If any such risks actually occur, shareholders could lose all or part of their investment and the financial condition, liquidity and results of operations of the Resulting Issuer could be materially adversely affected and the ability of the Resulting Issuer to implement its growth plans could be adversely affected.

An investment in the Resulting Issuer is speculative. An investment in the Resulting Issuer will be subject to certain material risks and investors should not invest in securities of the Resulting Issuer unless they can afford to lose their entire investment. The following is a description of certain risks and uncertainties that may affect the business of the Resulting Issuer.

General

A purchase of any of the securities of the Resulting Issuer involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Resulting Issuer should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Resulting Issuer's securities prior to purchasing any of the securities.

Risks Related to the Transaction

The Transaction is Subject to Several Conditions Precedent

The completion of the Transaction is subject to several conditions precedent certain of which are outside the control of H-Source and BC Co. There can be no assurance that any of the conditions will be met or that the Transaction will be completed on the terms set out in the Merger Agreement. In the event that any of the conditions precedent are not satisfied or waived by the relevant party, the Transaction may not be completed. The Transaction might not be completed, due to failure to obtain consents or approvals, failure to timely satisfy conditions to closing, termination of the Merger Agreement by H-Source or other reasons. There is no guarantee that: (a) the conditions to closing will be timely satisfied; or (c) the circumstances under which H-Source or BC Co may terminate the Merger Agreement will not occur. As such, the Transaction may not occur.

Risks Related to the Resulting Issuer

Limited Operating History

Neither H-Source nor BC Co has history of earnings. The Resulting Issuer has no present prospect of generating revenue from the sale of products. The Resulting Issuer is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Resulting Issuer will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the early stage of operations.

Reliance on Management

The success of the Resulting Issuer is dependent upon the ability, expertise, judgment, discretion and good faith of its senior management. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Resulting Issuer's business, operating results or financial condition.

Negative Operating Cash Flow and Additional Financing Needs

H-Source had negative operating cash flow for the financial year ended December 31, 2014. The Resulting Issuer anticipates that it will continue to have negative cash flow for the foreseeable future. To the extent that the Resulting Issuer has negative cash flow in future periods, the Resulting Issuer may need to allocate a portion of its cash reserves to fund such negative cash flow.

The Resulting Issuer will also require equity and/or debt financing to support on-going operations, to undertake capital expenditures or to undertake acquisitions or other business combination transactions. There can be no assurance that additional financing will be available to the Resulting Issuer when needed or on terms which are acceptable. The Resulting Issuer's inability to raise financing to fund capital expenditures or acquisitions could limit its growth and may have a material adverse effect upon future profitability.

If additional funds are raised through further issuances of equity or convertible debt securities, existing shareholders could suffer significant dilution, and any new equity securities issued could have rights, preferences and privileges superior to those of holders of Common Shares. Any debt financing secured in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which may make it more difficult for the Resulting Issuer to obtain additional capital and to pursue business opportunities, including potential acquisitions.

Because of the early stage of the industry in which the Resulting Issuer will operate, the Resulting Issuer expects to face additional competition from new entrants. To become and remain competitive, the Resulting Issuer will require research and development, marketing, sales and client support. The Resulting Issuer may not have sufficient resources to maintain research and development, marketing, sales and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition and results of operations of the Resulting Issuer.

Difficulty to Forecast

The Resulting Issuer must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the industry. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Resulting Issuer.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer are, or may become directors and officers of other companies, and conflicts of interest may arise between their duties as officers and directors of the Resulting Issuer and as officers and directors of such other companies.

Litigation

The Resulting Issuer may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Resulting Issuer becomes involved be determined against the Resulting Issuer such a decision could adversely affect the Resulting Issuer's ability to continue operating and the market price for the Resulting Issuer's common shares. Even if the Resulting Issuer is involved in litigation and wins, litigation can redirect significant company resources.

The market price of the Resulting Issuer's Common Shares may be subject to wide price fluctuations

The market price of the Resulting Issuer's common shares may be subject to wide fluctuations in response to many factors, including variations in the operating results of the Resulting Issuer and its subsidiaries, divergence in financial results from analysts' expectations, changes in earnings estimates by stock market analysts, changes in the business prospects for the Resulting Issuer and its subsidiaries, general economic conditions, legislative changes, and other events and factors outside of the Resulting Issuer's control. In addition, stock markets have from time to time experienced extreme price and volume fluctuations, which, as well as general economic and political conditions, could adversely affect the market price for the Resulting Issuer's common shares.

Dividends

The Resulting Issuer has no earnings or dividend record, and does not anticipate paying any dividends on the common shares in the foreseeable future. Dividends paid by the Resulting Issuer would be subject to tax and, potentially, withholdings.

Limited Market for Securities

It is proposed that the Resulting Issuer's common shares will be listed on the CSE, however, there can be no assurance that such listing will be obtained and even if obtained, that an active and liquid market for the common

shares will develop or be maintained and an investor may find it difficult to resell any securities of the Resulting Issuer.

Regulatory Changes

The business of the Resulting Issuer is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Resulting Issuer. Some of the changes are the Federal Drug Agency ("**FDA**") implementation of the Universal Device Identifier ("**UDI**") in October 2015 and the tracking requirements for pharmaceuticals in the United States.

The Resulting Issuer's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business.

Intellectual Property Rights

The Resulting Issuer could be adversely affected if it does not adequately protect its intellectual property rights. The Resulting Issuer regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Resulting Issuer's rights in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Resulting Issuer to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Resulting Issuer's copyrights, trademarks and similar proprietary rights, or that the Resulting Issuer will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Resulting Issuer believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Resulting Issuer. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Dependence on Continued Growth of Developing Online Commerce Market

The market for the sale of industry specific goods over the Internet, particularly through a secure/trusted membership platform, is a new and emerging market. H-Source's future revenues and profits are substantially dependent upon the widespread acceptance and use of this Internet platform and other online services as a medium for commerce by consumers. Demand and market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty. Growth in H-Source's user base relies on obtaining consumers who have historically used traditional means of commerce to purchase goods. For H-Source to be successful, these consumers must accept and use novel ways of conducting business and exchanging information.

In addition, the Internet may not be commercially viable in the long term for a number of reasons, including potentially inadequate development of the necessary network infrastructure or delayed development of enabling technologies, performance improvements and security measures. To the extent that the Internet continues to experience significant growth in the number of users, their frequency of use or their bandwidth requirements, there can be no assurance that the infrastructure for the Internet and other online services will be able to support the demands placed upon them. In addition, the Internet or other online services could lose their viability due to delays in the development or adoption of new standards and protocols required to handle increased levels of Internet or other online service activity, or due to increased governmental regulation. Changes in or insufficient availability of telecommunications services to support the Internet or other online services also could result in slower response times and adversely affect usage of the Internet and other online services generally and the H-Source service in particular. If use of the Internet and other online services does not continue to grow or grows more slowly than expected, if the infrastructure for the Internet and other online services does not effectively support growth that may

occur, or if the Internet and other online services do not become a viable commercial marketplace, H-Source's business, results of operations and financial condition would be materially adversely affected.

Risk of Capacity Constraints

H-Source seeks to generate a high volume of traffic and transactions on the H-Source service. Accordingly, the satisfactory performance, reliability and availability of H-Source's Web site, processing systems and network infrastructure are critical to H-Source's reputation and its ability to attract and retain large numbers of users who transact sales on its platform while maintaining adequate customer service levels. H-Source's revenues depend on the number of items listed by users, the volume of user transactions that are successfully completed and the final prices paid for the items listed. Any system interruptions that result in the unavailability of H-Source's service or reduced customer activity would ultimately reduce the volume of items listed and transactions completed. Interruptions of service may also diminish the attractiveness of H-Source and its services. Any substantial increase in the volume of traffic on H-Source's Web site or in the number of transactions being conducted by customers will require H-Source to expand and upgrade its technology, transaction processing systems and network infrastructure. There can be no assurance that H-Source will be able to accurately project the rate or timing of increases, if any, in the use of the H-Source platform or timely expand and upgrade its systems and infrastructure to accommodate such increases in a timely manner. Any failure to expand or upgrade its systems could have a material adverse effect on H-Source's business, results of operations and financial condition.

H-Source uses internally developed systems to operate its service and for transaction processing, including billing and collections processing. H-Source must continually enhance and improve these systems in order to accommodate the level of use of H-Source. Furthermore, in the future, H-Source may add additional features and functionality to its services that would result in the need to develop or license additional technologies. H-Source's inability to add additional software and hardware or to develop and further upgrade its existing technology, transaction processing systems or network infrastructure to accommodate increased traffic on the H-Source service or increased transaction volume through its processing systems or to provide new features or functionality may cause unanticipated system disruptions, slower response times, degradation in levels of customer service, impaired quality of the user's experience on the H-Source service, and delays in reporting accurate financial information. There can be no assurance that H-Source will be able in a timely manner to effectively upgrade and expand its systems or to integrate smoothly any newly developed or purchased technologies with its existing systems. Any inability to do so would have a material adverse effect on the H-Source's business, results of operations and financial condition.

Risk of System Failures

H-Source's success, and in particular its ability to facilitate trades successfully and provide high quality customer service, depends on the efficient and uninterrupted operation of its computer and communications hardware systems. Substantially all of H-Source's computer hardware for operating H-Source service is currently located on dedicated global hosting facilities. These systems and operations are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism and similar events. H-Source does not presently have fully redundant systems, a formal disaster recovery plan or alternative providers of hosting services and does not carry sufficient business interruption insurance to compensate it for losses that may occur. Despite any precautions taken by, and planned to be taken by H-Source, the occurrence of a natural disaster or other unanticipated problems at the Simple Helix facility could result in interruptions in the services provided by H-Source. In addition, the failure by Simple Helix – (The global leader in hosting custom e-commerce solutions) to provide the data communications capacity required by H-Source, as a result of human error, natural disaster or other operational disruption, could result in interruptions in H-Source's service. We have tried to minimize this risk by licensing dedicated servers that are replicated in multiple locations globally. Any damage to or failure of the systems of H-Source could result in reductions in, or terminations of, the H-Source service, which could have a material adverse effect on H-Source's business, results of operations and financial condition.

In the case of frequent or persistent system failures, H-Source's reputation and name brand could be materially adversely affected. Although H-Source has implemented certain network security measures, its servers are also vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays, loss of data or the inability to complete customer auctions. In addition, although H-Source works to prevent unauthorized access to H-Source data, it is impossible to eliminate this risk completely. The

occurrence of any and all of these events could have a material adverse effect on H-Source's business, results of operations and financial condition.

Low Barriers to Entry and Competition from Group Purchasing Organizations

There is high potential that H-Source will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than H-Source. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of H-Source.

There may be larger, better financed companies which may become competition for the Resulting Issuer.

At present, management believes that the Resulting Issuer has certain direct competition from Group Purchasing Organizations (the "**GPO**"). GPO is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members when comparing their respective business models. However, there are eight large GPO's in the United States. These companies have the financial ability to change their business model and compete directly with H-Source. Management believes that it will be difficult for potential competitors to quickly and easily adopt our model because the competitor's contract and software framework would be costly and take significant time to adopt a marketplace model like H-Source.

The market for commercial trading over the Internet is new, rapidly evolving and intensely competitive, and H-Source expects competition to intensify further in the future. Barriers to entry are relatively low, and current and new competitors can launch new sites at a relatively low cost using commercially-available software. H-Source currently or potentially competes with a number of other companies. H-Source's direct competitors include such competitors summarized in the chart under "Part II – Information Concerning H-Source – Competition".

Competitive pressures created by any one of these companies, or by H-Source's competitors collectively, could have a material adverse effect on the H-Source's business, results of operations and financial condition.

H-Source believes that the principal competitive factors in its market are volume and selection of goods, population of buyers and sellers, community cohesion and interaction, customer service, reliability of delivery and payment by users, brand recognition, Web site convenience and accessibility, price, quality of search tools and system reliability. Certain of H-Source's current and many of H-Source's potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet markets and significantly greater financial, marketing, technical and other resources than H-Source.

In addition, other online trading services may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well- financed companies as use of the Internet and other online services increases. Therefore, certain of H-Source's competitors with other revenue sources may be able to devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote substantially more resources to Web site and systems development than H-Source or may try to attract traffic by offering services for free. Increased competition may result in reduced operating margins, loss of market share and diminished value in H-Source's brand. There can be no assurance that H-Source will be able to compete successfully against current and future competitors. Further, as a strategic response to changes in the competitive environment, H-Source may, from time to time, make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on its business, results of operations and financial condition.

New technologies and the expansion of existing technologies may increase the competitive pressures on H-Source by enabling H-Source's competitors to offer a lower-cost service. Certain Web-based applications that direct Internet traffic to certain Web sites may channel users to trading services that compete with H-Source. Although H-Source has established Internet traffic arrangements with several large online services and search engine companies, there can be no assurance that these arrangements will be renewed on commercially reasonable terms or that they will otherwise continue to result in increased usage of the H-Source service. In addition, companies that control access to transactions through network access or Web browsers could promote H-Source's competitors or charge H-

Source substantial fees for inclusion. Any and all of these events could have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Associated with Brand Development

H-Source believes that continuing to strengthen its brand is critical to achieving widespread acceptance of H-Source, particularly in light of the competitive nature of H-Source's market. Promoting and positioning its brand will depend largely on the success of H-Source's marketing efforts and the ability of H-Source to provide high quality services. In order to promote its brand, H-Source will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by H-Source in building its brand. Further, there can be no assurance that any new users attracted to H-Source will conduct transactions over H-Source on a regular basis. If H-Source fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if H-Source's existing or future strategic relationships fail to promote H-Source's brand or increase brand awareness, H-Source's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Resulting Issuer is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Resulting Issuer. The Resulting Issuer is subject to the risks of companies operating in the medical and healthcare business.

The market in which H-Source competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. These market characteristics are exacerbated by the emerging nature of the Web and the apparent need of companies from a multitude of industries to offer Web-based products and services. Accordingly, H-Source's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its services to evolving industry standards and to continually improve the performance, features and reliability of its service in response to competitive service and product offerings and evolving demands of the marketplace. The failure of H-Source to adapt to such changes would have a material adverse effect on the H-Source's business, results of operations and financial condition. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures by H-Source to modify or adapt its services or infrastructure, which could have a material adverse effect on H-Source's business, results of operations and financial condition.

H-Source's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are conducted on the Internet due to the rapid creation, introduction and adoption of new diagnostic and treatment technologies. As a result, an investment in the stocks of the Resulting Issuer is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment. Additionally, there can be no assurances that H-Source will be able to successfully secure, introduce and adopt new software and integration technologies so as to implement its business strategy or otherwise overcome the risks generally associated with companies whose businesses are conducted on the Internet.

Risks Associated with New Services, Features and Functions

H-Source plans to expand its operations by developing and promoting new or complementary services, products or transaction formats or expanding the breadth and depth of services. There can be no assurance that H-Source will be able to expand its operations in a cost-effective or timely manner or that any such efforts will maintain or increase overall market acceptance. Furthermore, any new business or service launched by H-Source that is not favourably received by consumers could damage H-Source's reputation and diminish the value of its brand name. Expansion of H-Source's operations in this manner would also require significant additional expenses and development, operations and other resources and would strain the H-Source's management, financial and operational resources. The lack of market acceptance of such services or H-Source's inability to generate satisfactory revenues from such expanded services to offset their cost could have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Related to Consumer Trends

H-Source derives substantially all of its revenues from fees from sellers for listing products upon completion of successfully completed transactions. H-Source's future revenues will depend upon continued demand for the types of goods that are listed by users of the H-Source service. The value of listed items on the H-Source platform will fluctuate depending on the listing of inventory for sale by its customers, the frequency of transactions and the expiry dates for certain items. These trends will cause significant fluctuations in H-Source's operating results from one quarter to the next. Any decline in demand for the goods offered through H-Source service as a result of changes in consumer trends could have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Associated with Certain Activities on H-Source's Service

The law relating to the liability of providers of online services for activities of their users on the service is currently unsettled. H-Source does pre-screen the types of goods offered on H-Source. H-Source is aware that certain goods, such as restricted drugs and other goods that may be subject to regulation by local, state or federal authorities will not be traded on the H-Source service. There can be no assurance that H-Source will be able to prevent the unlawful exchange of goods on its service or that it will successfully avoid civil or criminal liability for unlawful activities carried out by users through H-Source's service. The imposition upon H-Source of potential liability for unlawful activities of users of the H-Source service could require H-Source to implement measures to reduce its exposure to such liability, which may require, among other things, H-Source to spend substantial resources and/or or to discontinue certain service offerings. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on H-Source's business, results of operations and financial condition.

In addition, H-Source's success depends largely upon sellers reliably delivering and accurately representing the listed goods and buyers paying the agreed purchase price. H-Source has received in the past, and anticipates that it will receive in the future, communications from users who did not receive the purchase price or the goods that were to have been exchanged. While H-Source can suspend the accounts of users who fail to fulfill their delivery obligations to other users, H-Source, beyond crediting sellers with the amount of their fees in certain circumstances, does not have the ability to otherwise require users to make payments or deliver goods and H-Source does not compensate users who believe they have been defrauded by other users. H-Source also from time to time receives complaints from buyers as to the quality of the goods purchased. Although H-Source has attempted to reduce its liability to buyers for unfulfilled transactions or other claims related to the quality of the purchased goods H-Source may in the future receive additional requests from users requesting reimbursement or threatening legal action against H-Source if no reimbursement is made. Any resulting litigation could be costly for H-Source, divert management attention and could result in increased costs of doing business, or otherwise have a material adverse effect on H-Source's business, results of operations and financial condition. Any negative publicity generated as a result of fraudulent or deceptive conduct by users of H-Source could damage H-Source's reputation and diminish the value of its brand name, which could have a material adverse effect on H-Source's business, results of operations and financial condition.

H-Source does not pre-screen the goods that are listed by users on H-Source or the contents of their listings, which may include text and images. H-Source has received in the past, and anticipates that it will receive in the future, communications alleging that certain items sold through the H-Source service infringe third-party copyrights, trademarks or other intellectual property rights. While H-Source's user policy prohibits the sale of goods which may infringe third-party intellectual property rights and H-Source is empowered to suspend the account of any user who infringes third-party intellectual property rights, there can be no assurance that an allegation of infringement will not result in litigation against H-Source. Any such litigation could be costly for H-Source and could result in increased costs of doing business, or could in some other manner have a material adverse effect on H-Source's business, results of operations and financial condition.

Online Commerce Security Risks

A significant barrier to online commerce and communications is the secure transmission of confidential information over public networks. Currently, a significant number of H-Source users authorize H-Source to bill their credit card accounts directly for all transaction fees charged by H-Source. H-Source relies on encryption and authentication

technology licensed from third parties to provide the security and authentication technology to effect secure transmission of confidential information, including customer credit card numbers. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the technology used by H-Source to protect customer transaction data. If any such compromise of H-Source's security were to occur, it could have a material adverse effect on H-Source's reputation and, therefore, on its business, results of operations and financial condition. Furthermore, a party who is able to circumvent H-Source's security measures could misappropriate proprietary information or cause interruptions in H-Source's operations. H-Source may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. Concerns over the security of transactions conducted on the Internet and other online services and the privacy of users may also inhibit the growth of the Internet and other online services generally, and the Web in particular, especially as a means of conducting commercial transactions. To the extent that activities of H-Source involve the storage and transmission of proprietary information, such as credit card numbers, security breaches could damage H-Source's reputation and expose H-Source to a risk of loss or litigation and possible liability. H-Source's insurance policies carry low coverage limits, which may not be adequate to reimburse H-Source for losses caused by security breaches. There can be no assurance that H-Source's security measures will prevent security breaches or that failure to prevent such security breaches will not have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Associated with Acquisitions

If appropriate opportunities present themselves, H-Source intends to acquire businesses, technologies, services or products that H-Source believes are strategic. H-Source currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that H-Source will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into H-Source may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of H-Source's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect H-Source's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require H-Source to obtain additional equity or debt financing, which might not be available on terms favourable to H-Source, or at all, and such financing, if available, might be dilutive.

Dependence on the Web Infrastructure

The success of the H-Source service will depend in large part upon the development and maintenance of the Web infrastructure, such as a reliable network backbone with the necessary speed, data capacity and security, or timely development of complementary products such as high speed modems, for providing reliable Web access and services. Because global commerce and the online exchange of information are new and evolving, it is difficult to predict with any assurance whether the Web will prove to be a viable commercial marketplace in the long term. The Web has experienced, and is expected to continue to experience, significant growth in the numbers of users and amount of traffic. To the extent that the Web continues to experience increased numbers of users, frequency of use or increased bandwidth requirements of users, there can be no assurance that the Web infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the Web will not be adversely affected. These outages and delays could adversely affect the level of Web usage and also the level of traffic and the processing of auctions on H-Source.

In addition, the Web could lose its viability due to delays in the development or adoption of new standards and protocols to handle increased levels of activity or due to increased governmental regulation. There can be no assurance that the infrastructure or complementary products or services necessary to make the Web a viable commercial marketplace for the long term will be developed or that if they are developed, that the Web will become a viable commercial marketplace for services such as those offered by H-Source. If the necessary infrastructure, standard or protocols or complementary products, services or facilities are not developed, or if the Web does not become a viable commercial marketplace, H-Source's business, results of operations and financial condition will be

materially and adversely affected. Even if the infrastructure, standards or protocols or complementary products, services or facilities are developed and the Web becomes a viable commercial marketplace in the long term, H-Source might be required to incur substantial expenditures in order to adapt its service to changing Web technologies, which could have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Associated with Information Disseminated through H-Source's Service

The law relating to the liability of online services companies for information carried on or disseminated through their services is currently unsettled. It is possible that claims could be made against online services companies under both United States and foreign law for defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through their services. Several private lawsuits seeking to impose such liability upon other online services companies are currently pending. In addition, legislation has been proposed that imposes liability for or prohibits the transmission over the Internet of certain types of information. The H-Source service features a feedback forum, which includes information from users regarding the reliability of other users in promptly paying or delivering goods sold in an auction transaction. Although all such feedback is generated by users and not by H-Source, it is possible that a claim of defamation or other injury could be made against H-Source for content posted in the feedback forum. The imposition upon H-Source and other online services providers of potential liability for information carried on or disseminated through their services could require H-Source to implement measures to reduce its exposure to such liability, which may require H-Source to expend substantial resources and/or to discontinue certain service offerings. In addition, the increased attention focused upon liability issues as a result of these lawsuits and legislative proposals could impact the growth of Internet use. While H-Source carries liability insurance, it may not be adequate to fully compensate H-Source in the event H-Source becomes liable for information carried on or disseminated through its service. Any costs not covered by insurance incurred as a result of such liability or asserted liability could have a material adverse effect on H-Source's business, results of operations and financial condition.

Governmental Regulation and Legal Uncertainties

H-Source is not currently subject to direct federal, state or local regulation, and laws or regulations applicable to access to or commerce on the Internet, other than regulations applicable to businesses generally. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security.

Several states have also proposed legislation that would limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also recently settled a proceeding with one online service regarding the manner in which personal information is collected from users and provided to third parties. Changes to existing laws or the passage of new laws intended to address these issues, including some recently proposed changes, could create uncertainty in the marketplace that could reduce demand for the services of H-Source or increase the cost of doing business as a result of litigation costs or increased service delivery costs, or could in some other manner have a material adverse effect on H-Source's business, results of operations and financial condition. In addition, because H-Source's services are accessible worldwide, and H-Source facilitates sales of goods to users worldwide, other jurisdictions may claim that H-Source is required to qualify to do business as a foreign corporation in a particular state or foreign country. H-Source is qualified to do business in all fifty states in the United States, and failure by H-Source to qualify as a foreign corporation in a jurisdiction where it is required to do so could subject H-Source to taxes and penalties for the failure to qualify and could result in the inability of H-Source to enforce contracts in such jurisdictions. Any such new legislation or regulation, or the application of laws or regulations from jurisdictions whose laws do not currently apply to H-Source's business, could have a material adverse effect on H-Source's business, results of operations and financial condition.

Sales and Other Taxes

H-Source does not collect sales or other similar taxes in respect of goods sold by users through the H-Source service. However, one or more states may seek to impose sales tax collection obligations on out-of-state companies such as H-Source which engage in or facilitate online commerce, and a number of proposals have been made at the state and local level that would impose additional taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of electronic commerce, and could adversely affect H-Source's opportunity to derive financial benefit from such activities. Moreover, a successful assertion by one or more states or any foreign country that H-Source should collect sales or other taxes on the exchange of merchandise on its system could have a material adverse effect on H-Source's business, results of operations and financial condition.

Legislation limiting the ability of the states to impose taxes on Internet-based transactions has been proposed in the U.S. Congress. There can be no assurance that this legislation will ultimately be enacted into law or that the final version of this legislation will not contain a limited time period in which such tax moratorium will apply. In the event that the tax moratorium is imposed for a limited time period, there can be no assurance that the legislation will be renewed at the end of such period. Failure to enact or renew this legislation could allow various states to impose taxes on Internet- based commerce and the imposition of such taxes could have a material adverse effect on H-Source's business, results of operations and financial condition.

Risks Associated with International Operations

A component of H-Source's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. H-Source has limited experience in localizing its service, and H-Source believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that H-Source will be successful in expanding into international markets. In addition to the uncertainty regarding H-Source's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the H-Source's international operations. To the extent H-Source expands its international operations and has additional portions of its international revenues denominated in foreign currencies, H-Source could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on H-Source's future international operations and, consequently, on H-Source's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

H-Source regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. H-Source has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by H-Source to protect its intellectual property will prove sufficient to prevent misappropriation of H-Source's technology or to deter independent third-party development of similar technologies.

H-Source pursues the registration of its trademarks and service marks in the U.S. and internationally. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which H-Source's services are made available online. H-Source has licensed in the past, and expects that it may license in the future, certain of its proprietary rights, such as trademarks or copyrighted material, to third parties. While H-Source attempts to ensure that the quality of H-Source brand is maintained by such licensees, there can be no assurance that such licensees will not take actions that might materially adversely affect the value of H-Source's proprietary rights

or reputation, which could have a material adverse effect on H-Source's business, results of operations and financial condition.

H-Source also relies on certain technologies that it licenses from third parties, such as Oracle Corporation, Microsoft and Sun Microsystems Inc., the suppliers of key database technology, the operating system and specific hardware components for the H-Source service. There can be no assurance that these third-party technology licenses will continue to be available to the H-Source on commercially reasonable terms. The loss of such technology could require H-Source to obtain substitute technology of lower quality or performance standards or at greater cost, which could materially adversely affect H-Source's business, results of operations and financial condition.

To date, H-Source has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by H-Source with respect to past, current or future technologies. H-Source expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in H-Source's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require H-Source to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to H-Source or at all. As a result, any such claim could have a material adverse effect upon H-Source's business, results of operations and financial condition.

Economic Environment

H-Source's operations could be affected by the economic context should the unemployment level, interest rates or inflation reach levels that influence consumer trends and consequently, impact H-Source's sales and profitability.

As well, general demand for banking services and alternative banking or financial services cannot be predicted and future prospects of such areas might be different from those predicted by the Resulting Issuer's management.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. Access to financing has been negatively impacted by the ongoing global economic risks. As such, the Resulting Issuer is subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact the Resulting Issuer's ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to the Resulting Issuer. If uncertain market conditions persist, the Resulting Issuer ability to raise capital could be jeopardized, which could have an adverse impact on the Resulting Issuer's operations and the trading price of the Resulting Issuer's Shares on the stock exchange.

Going-Concern Risk

The financial statements have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Resulting Issuer's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Resulting Issuer will be successful in completing an equity or debt financing or in achieving profitability.

The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Resulting Issuer be unable to continue as a going concern.

Financial Risk Exposures

The Resulting Issuer may have financial risk exposure to varying degrees relating to the currency of each of the countries where it operates and has financial risk exposure towards digital currencies. The level of the financial risk exposure related to a currency and exchange rate fluctuations will depend on the Resulting Issuer's ability to hedge such risk or use another protection mechanism.

PART V – OTHER MATTERS

Promoters

John Kupice, the CEO of the Resulting Issuer has been the promoter of H-Source since its incorporation. Mr. Kupice beneficially owns, or has control over, directly or indirectly, 1,826,500 Resulting Issuer Shares being 3.9% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis.

Murray Walden, the President of the Resulting Issuer has been the promoter of H-Source since its incorporation. Mr. Walden beneficially owns, or has control over, directly or indirectly, 7,873,955 Resulting Issuer Shares being 16.8% of the issued and outstanding Resulting Issuer Shares on a non- diluted basis.

Nick Ayling, former director of BC Co has been the promoter of BC Co since its incorporation. Mr. Ayling beneficially owns, or has control over, directly or indirectly, 175,000 Resulting Issuer Shares being 0.4% of the issued and outstanding Resulting Issuer Shares on a non-diluted basis.

Other than as disclosed in this section and under "Executive Compensation" or elsewhere in this Prospectus, no person who was a promoter of H-Source or BC Co within the last two years:

1. received anything of value directly or indirectly from BC Co or a subsidiary;

2. sold or otherwise transferred any asset to BC Co or a subsidiary within the last 2 years;

3. has been a director, officer or promoter of any company that during the past 10 years was the subject of a cease trade order or similar order or an order that denied the company access to any exemptions under securities legislation for a period of more than 30 consecutive days or became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets;

4. has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority;

5. has been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision; or

6. has within the past 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver or receiver manager or trustee appointed to hold its assets.

Legal Proceedings and Regulatory Actions

BC Co is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of BC Co is not aware that BC Co is a party to any legal proceedings or that any such proceedings are known to be contemplated.

H-Source is not a party to any legal proceedings and is not aware of any such proceedings known to be contemplated. Management of H-Source is not aware that H-Source is a party to any legal proceedings or that any such proceedings are known to be contemplated.

No penalties or sanctions have been imposed against BC Co by a court relating to provincial and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of BC Co is not aware of any such penalties or sanctions imposed against BC Co.

No penalties or sanctions have been imposed against H-Source by a court relating to provincial, state and territorial securities legislation or by a securities regulatory body within the three years immediately preceding the date of this Prospectus. Management of H-Source is not aware of any such penalties or sanctions imposed against H-Source.

BC Co has not entered into any settlement agreements before a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of BC Co is not aware of any such settlement agreements entered into by the BC Co.

H-Source has not entered into any settlement agreements before a court relating to provincial, state and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus. Management of H-Source is not aware of any such settlement agreements entered into by H-Source.

Interest of Management and Others in Material Transactions

Other than as set forth in this Prospectus, the management of BC Co is not aware of any material interest, direct or indirect, of any director, executive officer, any Person or Company beneficially owning, controlling or directing, directly or indirectly, more than ten (10%) percent of BC Co's outstanding voting securities, or any Associate or Affiliate of the foregoing Persons, in any transaction in which BC Co has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect BC Co.

Auditor

The auditor of BC Co is Morgan & Company LLP, Chartered Accountants, 1488 – 700 West Georgia Street, Vancouver, British Columbia, V7Y 1A1, Canada. The auditor of H-Source is BDO USA, LLP, 601 West Riverside Avenue., Suite 900, Spokane, Washington, 99201-0711, USA. Upon Completion of the Merger and as of the date of this Prospectus, it is proposed that the Resulting Issuer's auditor will be H-Source's current auditor, BDO USA, LLP.

Public Accountant

The public accountant of H-Source is Dale Matheson Carr-Hilton LaBonte LLP, 1500 – 1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, Canada.

Registrar and Transfer Agent

The transfer agent and registrar for the BC Co Shares is Computershare Trust Co., 3rd Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9, and Computershare will continue as transfer agent and registrar of the Resulting Issuer upon completion of the Merger.

Material Contracts

Except for contracts made in the ordinary course of business and those mentioned above, the following are the only material contracts entered into by BC Co or H-Source within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. The Merger Agreement (See "Part I – The Transaction").

The above contract may be inspected without charge at the registered office of the Resulting Issuer at Suite 1500 - 1055 West Georgia Street, Vancouver British Columbia, V6E 4N7 Canada during ordinary business hours until the closing date of the Transaction and for a period of 30 days thereafter.

Board Approval

The Boards of Directors of BC Co and H-Source have approved the contents of this Prospectus.

PART VI – EXPERTS

The following are persons or companies whose profession or business gives authority to a statement made in this Prospectus as having prepared or certified a part of that document or report described in the Prospectus:

Morgan & Company LLP

BDO USA, LLP

Dale Matheson Carr-Hilton LaBonte LLP

Interest of Experts

No person whose profession or business gives authority to a statement made by such person and who is named in this Prospectus has received or will receive a direct or indirect interest in the Resulting Issuer's property or any associate or affiliate of the Resulting Issuer. As at the date hereof, none of the aforementioned persons beneficially owns, directly or indirectly, securities of the Resulting Issuer or its associates and affiliates. In addition, none of the aforementioned persons nor any director, officer or employee of any of the aforementioned persons, is or is expected to be elected, appointed or employed as, a director, senior officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer, or as a promoter of the Resulting Issuer or an associate or affiliate of the Resulting Issuer.

PART VII – OTHER MATERIAL FACTS

To management's knowledge, there are no other material facts relating to the Transaction that are not otherwise disclosed in this Prospectus or are necessary for the Prospectus to contain full, true and plain disclosure of all material facts relating to the Transaction.

Financial Statement Disclosure

The following financial statements are included herein:

APPENDIX "A"	H-Source Holdings Ltd. (Formerly 1018763 B.C. Ltd.) Audited Financial Statements at December 31, 2014 and Unaudited Interim Financial Statements at June 30, 2015
APPENDIX "A1"	H-Source Holdings Ltd. (Formerly 1018763 B.C. Ltd.) Management's Discussion and Analysis for year ended December 31, 2014
APPENDIX "A2"	H-Source Holdings Ltd. (Formerly 1018763 B.C. Ltd.) Management's Discussion and Analysis for the period ended June 30, 2015
APPENDIX "B"	H-Source, Inc. Audited Financial Statements at December 31, 2014 and Unaudited Interim Financial Statements at June 30, 2015
APPENDIX "B1"	H-Source, Inc. Management's Discussion and Analysis for period ended December 31, 2014
APPENDIX "B2"	H-Source, Inc. Management's Discussion and Analysis for the period ended June 30, 2015
APPENDIX "C"	Resulting Issuer Proforma Financial Statements as at June 30, 2015

Other Appendices

APPENDIX "D"	Merger Agreement
APPENDIX "E"	Stock Option Plan
APPENDIX "F"	Audit Committee Charter

Appendix A

1018763 B.C. Ltd.

Financial Statements

November 11, 2014 (date of incorporation)
to December 31, 2014

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
1018763 B.C. Ltd.

Report on the financial statements

We have audited the accompanying financial statements of 1018763 B.C. Ltd., which comprise the statement of financial position as at December 31, 2014 and the statements of operations and comprehensive loss, changes in shareholders' deficiency and cash flows for the period from incorporation on November 11, 2014 to December 31, 2014, 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 financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of 1018763 B.C. Ltd., as at December 31, 2014, and its financial performance and its cash flows for the period from incorporation on November 11, 2014 to December 31, 2014 in accordance with International Financial Reporting Standards.

Emphasis of Matter

We draw attention to Note 1 of the financial statements which describes matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Vancouver, Canada

"Morgan & Company LLP"

August 4, 2015

Chartered Professional Accountants

PO Box 10007, 1488 – 700 West Georgia Street, Vancouver, British Columbia, Canada V7Y 1A1
Tel: (604) 687 – 5841 Fax: (604) 687 – 0075 Email: info@morgancollp.com

1018763 B.C. Ltd.
Statement of Financial Position
(Expressed in Canadian dollars)

	Notes	As at December 31, 2014
		$
Assets		
Current		
Cash		-
Total Assets		-
Liabilities and Shareholders' Deficiency		
Current Liabilities		
Accounts payable		**1,250**
Total Liabilities		**1,250**
Shareholders' Deficiency		
Share capital	**4**	-
Deficit		**(1,250)**
Total Shareholders' Deficiency		**(1,250)**
Total Liabilities and Shareholders' Deficiency		-

Nature of Operations and Going Concern (Note 1)
Subsequent Events (Note 8)

The accompanying notes are integral to these financial statements.

Approved on Behalf of the Board of Directors on August 4. 2015:

/s/ Nick Ayling
Director

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

	November 11, 2014 (date of incorporation) to December 31, 2014
	$
Expenses	
Professional fees	**1,250**
Net loss and comprehensive loss for the period	**1,250**
Basic and diluted loss per Class A common share	**1,250**
Weighted average number of Class A common shares outstanding	**1**

The accompanying notes are integral to these financial statements.

1018763 B.C. Ltd.
Statement of Changes in Shareholders' Deficiency
(Expressed in Canadian dollars)

	Number of Class A Common Shares	Share Capital	Deficit	Total Shareholders' Deficiency
		$	$	$
Balance, November 11, 2014 (date of incorporation)	1	-	-	-
Net loss for the period	-	-	(1,250)	(1,250)
Balance, December 31, 2014	**1**	**-**	**(1,250)**	**(1,250)**

The accompanying notes are integral to these financial statements.

1018763 B.C. Ltd.
Statement of Cash Flows
(Expressed in Canadian dollars)

	November 11, 2014 (date of incorporation) to December 31, 2014
	$
Operating activities cash (used in) /provided by:	
Net loss and comprehensive loss for the period	**(1,250)**
Changes in non-cash working capital items	
Accounts payable	**1,250**
Net cash provided by operating activities	**-**
Change in cash	**-**
Cash & cash equivalents, beginning of the period	**-**
Cash, end of the period	**-**
Interest paid	**-**
Income taxes paid	**-**

The accompanying notes are integral to these financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

1018763 B.C. Ltd. (the "Company") was incorporated as a wholly-owned subsidiary of a 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 December 31, 2014 the Company had not yet achieved profitable operations, had a net loss of $1,250, a deficit of $1,250 and working capital deficiency of $1,250, 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.

The financial statements were approved by the Board of Directors on August 4, 2015.

2. BASIS OF PRESENTATION

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 International Financial Reporting Interpretations Committee ("IFRIC").

These financial statements are presented in Canadian dollars, which is the Company's functional and reporting currency. These financial statements are prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss ("FVTPL"), which are stated at their fair value.

3. SIGNIFICANT ACCOUNTING POLICIES

a. Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgments and estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these judgments and estimates. The financial statements include judgments and estimates which, by their nature, are uncertain. The impacts of such judgments and estimates are pervasive throughout the 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Cash and cash equivalents

Cash comprises of cash held in trust and is highly liquid in nature. As at December 31, 2014, the Company had no cash or cash equivalents.

c. Share-based payments

The fair value of any options granted is measured at grant date, using the Black-Scholes option pricing model, and is recognized over the period that the employees earn the options. The fair value is recognized as an expense with a corresponding increase in equity. The amount recognized as expense is adjusted to reflect the number of share options expected to vest. The Company has not granted share-based payments to date.

d. Deferred income taxes

Deferred income tax assets and liabilities are recognized for deferred income tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred income tax assets and liabilities are measured using the enacted or substantively enacted tax rates expected to apply when the asset is realized or the liability settled. The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in income in the period that substantive enactment occurs. To the extent that the Company does not consider it probable that a deferred income tax asset will be recovered, the deferred income tax asset is reduced. Deferred income tax assets and liabilities are offset only if a legally enforceable right exists to offset current tax assets against liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

e. Financial instruments

The Company classifies financial instruments in the following categories: at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired or issued. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities greater than twelve months after the end of the reporting period. These are classified as non-current assets. The Company has classified cash as loans and receivables.

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Company's intention to hold these investments to maturity. They are subsequently measured at amortized cost. Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within twelve months after the end of the reporting period. The Company has no held-to-maturity investments.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within twelve months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether impairment has arisen.

Accounts payable and accrued liabilities are classified as other liabilities at amortized cost. The Company initially recognizes debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognized initially on the trade date at which the Company becomes a party to the contractual provisions of the instruments.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expired. Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortized cost.

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the amounts and intends to either settle on a net basis or to realize the assets and settle the liability simultaneously.

The Company does not have any material derivative financial assets and liabilities.

The fair value of the Company's financial assets and liabilities approximates the carrying amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

e. Financial instruments (continued)

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly;
- Level 3 – Inputs that are not based on observable market data.

f. Comprehensive income (loss)

Comprehensive income (loss) is the change in the Company's net assets that results from transactions, events and circumstances from sources other than the Company's shareholders and includes items that are not included in net profit. Other comprehensive income (loss) consists of changes to unrealized gain and losses on available for sale financial assets, changes to unrealized gains and losses on the effective portion of cash flow hedges and changes to foreign currency translation adjustments of self-sustaining foreign operations during the period. Comprehensive income (loss) includes profit or loss for the period plus other comprehensive income (loss). Amounts reported as other comprehensive income (loss) are accumulated in a separate component of shareholders' equity as Accumulated Other Comprehensive Income (Loss). The Company has not had other comprehensive income (loss) since inception.

g. 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.

h. Provisions

Provisions are recorded when a present legal or constructive obligation exists as a result of past events where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. The increase in the obligation due to the passage of time is recognized as finance expense.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

h. Provisions (continued)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount receivable can be measured reliably.

i. Accounting standards issued but not yet adopted

The Company has assessed the impact of these new standards on the financial statements and has determined that the application of these standards will not have a material impact on the results and the financial position of the Company.

New Standard IFRS 9 "Financial Instruments"

This new standard is a partial replacement of IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, replacing the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. IFRS 9 is effective for annual periods beginning on or after January 1, 2018.

4. SHARE CAPITAL

a. Authorized: unlimited Class A common shares without par value; and
unlimited Class B preferred shares without par value.

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).

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 shareholders. The Company considers the items included in shareholders' deficiency 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. FINANCIAL INSTRUMENTS

	Ref.	December 31, 2014
		$
Other financial assets	a	**-**
Other financial liabilities	b	**1,250**

a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution. The Company had no cash as at December 31, 2014.
b. Comprises accounts payable.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being high (see Note 1).

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

7. INCOME TAXES

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

Statutory rates	26.0%
Income tax benefit at statutory rate	$ 325
Change in unrecognized deferred tax assets	(325)
Income tax expense (recovery)	$ -

No deferred tax assets have been recognized in respect of the following losses and temporary differences as it is not considered probable that sufficient future taxable profit will allow the deferred tax assets to be recovered:

Deferred income tax assets:

Non-capital operating losses carry forward	$ 325
Unrecognized deferred tax assets	(325)
	$ -

7. INCOME TAXES (continued)

As at December 31, 2014, The Company has estimated non-capital losses for Canadian income tax purposes of $1,250 that may be carried forward to reduce taxable income derived in future years. These non-capital losses expire in 2034.

8. SUBSEQUENT EVENTS

a) On March 3, 2015, the Company entered into a non-binding letter of intent 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. In furtherance of the transaction the parties entered into a merger agreement dated July 21, 2015. 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").

Pursuant to the merger agreement, the Company will upon closing of the merger 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.

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.

b) 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.

c) 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.

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.

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.

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.

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.

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.

Appendix A1

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of 10187863 B.C. Ltd. (the "Company") and discloses its financial results for the period ended from November 11, 2014 (date of incorporation) to December 31, 2014. The MD&A should be read in conjunction with the Financial Statements of the Company for December 31, 2014 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Refer to Note 3 of the December 31, 2014 financial statements for disclosure of the Company's significant accounting policies and a discussion of future accounting policy changes. The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at www.sedar.com.

This MD&A is current as at August 4, 2015.

BACKGROUND

10187863 B.C. Ltd. was incorporated as a wholly-owned subsidiary of a reporting issuer, UWO Consulting Ltd. ("UWO") on November 11, 2014 under the laws of British Columbia, Canada. Its head office and registered office is located at 605-815 Hornby Street, Vancouver, B.C., V6Z 2E6, British Columbia, Canada. The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory.

QUARTERLY HIGHLIGHTS

- The Company was incorporated November 11, 2014.

The Company's Business

The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory. As of the date of this document, the Company has not commenced commercial operations.

LIQUIDITY AND CAPITAL RESOURCES

At December 31, 2014, the Company had working capital deficit of $1,250.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended December 31, 2014, the Company incurred $Nil net loss. The continuation of the Company as a going concern is dependent on its ability to obtain or generate profitable business operations and secure external financing.

The Company's expected cash resources are sufficient to meet its short-term needed. Management estimates that the current cash position and future cash flows from consulting fees, new equity financings, and/or related party loans will be sufficient for the Company to carry out its anticipated costs of operations through 2015. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding	4,250,001

RESULTS OF OPERATION

November 11, 2014 (date of incorporation) to December 31, 2014
The Company incurred a net $Nil net loss as the Company had not commenced operations yet. The Company's operations are in their infancy and no comparative or trend discussion is relevant.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	November 11, 2014 (incorporation) to December 31, 2014
	$
Net loss	**(1,250)**
Basic loss per share	**(1,250)**

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	**December 31, 2014**
		$
Other financial assets	a	**-**
Other financial liabilities	b	**1,250**

a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution. The Company had no cash as at December 31, 2014.
b. Comprises accounts payable

The fair values of the Company's cash are not materially different from its carrying value.

The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being high (see Note 1).

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

The Company and H-Source, Inc. entered into a letter of intent ("LOI") dated March 3, 2015. Pursuant to the LOI, the Company will acquire all of the issued and outstanding common shares in the capital of H-Source, Inc. As of the date of this document, a definitive agreement between the parties has not been entered into.

RISK AND UNCERTAINTIES

The Company is in the corporate consulting business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Conflicts of Interest
Certain directors of the Company also serve as directors and/or officers of other companies involved in other business Ventures. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Negative Operating Cash Flows
As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern
The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. Management of the Company will have to raise capital through private placements or debt financing and proposes to continue to do so through future private placements and offerings. The outcome of these matters cannot be predicted at this time.

Reliance on Key Personnel and Advisors
The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing businesses or accept positions with competitors. There is no guarantee that certain employees of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The information provided in this report is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

RISK FACTORS

Market Risk for Securities
We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Upon a listing, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies.

Uninsured or Uninsurable Risk
We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk
Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us.

Key Personnel Risk
Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations

begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk
There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future. You may lose your entire investment.

Going-Concern Risk
The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

Global Economy Risk
The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the trading price of our Common Shares on the Exchange.

Dividend Risk
We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk
It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the medical marijuana sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

Appendix A2

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of 10187863 B.C. Ltd. (the "Company") and discloses its financial results for the six month period ended June 30, 2015. The MD&A should be read in conjunction with the interim financial statements of the Company for June 30, 2015 and related notes, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is the Canadian dollar and all amounts in this MD&A are expressed in the Canadian dollar.

This MD&A contains certain statements that may constitute "forward-looking statements". Forward-looking statements include but are not limited to, statements regarding future anticipated business developments and the timing thereof, regulatory compliance, sufficiency of working capital, and business and financing plans. Although the Company believes that such statements are reasonable, it can give no assurance that such expectations will prove to be correct. Forward-looking statements are typically identified by words such as: believe, expect, anticipate, intend, estimate, postulate and similar expressions, or which by their nature refer to future events. The Company cautions investors that any forward-looking statements by the Company are not guarantees of future performance, and that actual results may differ materially from those in forward looking statements as a result of various factors, including, but not limited to, the Company's ability to continue its projected growth, to raise the necessary capital or to be fully able to implement its business strategies.

Additional information relating to the Company can be located on the SEDAR website at www.sedar.com.

This MD&A is current as at August 20, 2015.

BACKGROUND

10187863 B.C. Ltd. was incorporated as a wholly-owned subsidiary of a reporting issuer, UWO Consulting Ltd. ("UWO") on November 11, 2014 under the laws of British Columbia, Canada. Its head office and registered office is located at 605-815 Hornby Street, Vancouver, B.C., V6Z 2E6, British Columbia, Canada. The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory.

QUARTERLY HIGHLIGHTS

- Received $127,500 in private placement funds.

The Company's Business

The Company is in the business of consulting on capital markets deal structuring, venture capital and corporate advisory. As of the date of this document, the Company has not commenced commercial operations.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2015, the Company had a working capital surplus of $94,736.

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. During the period ended June 30, 2015, the Company incurred $31,514 net loss. The continuation of the Company as a going concern is dependent on its ability to obtain or generate profitable business operations and secure external financing.

The Company's expected cash resources are sufficient to meet its short-term needed. Management estimates that the current cash position and future cash flows from consulting fees, new equity financings, and/or related party loans will be sufficient

for the Company to carry out its anticipated costs of operations through 2015. There may be circumstances where, for sound business reasons, a reallocation of funds may be necessary in order for the Company to achieve its business objectives.

OUTSTANDING SHARE DATA

The following share capital data is current as of the date of this document:

	Balance
Shares issued and outstanding	4,530,001

During the period ended June 30, 2015, 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.

Subsequent to the period ended June 30, 2015, 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.

RESULTS OF OPERATION

Three Months Ended June 30, 2015

For the three months ended June 30, 2015, the Company incurred a $20,580 net loss as the Company had not commenced operations yet. The net loss of $20,580 consisted of $9,000 in consulting fee, $2,050 in professional fees, and $9,530 in regulatory and transfer agent fee. The Company's operations are in their infancy and no comparative or trend discussion is relevant.

Six Months Ended June 30, 2015

For the six months ended June 30, 2015, the Company incurred a $31,514 net loss as the Company had not commenced operations yet. The net loss of $31,514 consisted of $9,000 in consulting fee, $12,900 in professional fees, and $9,614 in regulatory and transfer agent fee. The Company's operations are in their infancy and no comparative or trend discussion is relevant.

SELECTED QUARTERLY INFORMATION FOR MOST RECENT COMPLETED QUARTERS

	June 30, 2015	March 31, 2015	November 11, 2014 (incorporation) to December 31, 2014
	$	$	$
Net loss	**(20,580)**	**(10,934)**	**(1,250)**
Basic loss per share	**(0.01)**	**(10,934)**	**(1,250)**

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

	Ref.	June 30, 2015
		$
Other financial assets	a	100,596
Other financial liabilities	b	5,860

a. Comprises cash held in a Canadian dollar account at a major Canadian financial institution and sales tax receivable.
b. Comprises accounts payable.

The fair values of the Company's cash is not materially different from its carrying value. The Company's financial instruments are exposed to certain financial risks, which include the following:

Credit risk
Credit risk is the risk of loss due to the counterparty's inability to meet its obligations. The Company's exposure to credit risk is on its cash. Risk associated with cash is managed through the use of major banks which are high credit quality financial institutions as determined by rating agencies.

Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulties in meeting obligations when they become due. The Company aims to ensure that there is sufficient capital in order to meet short-term operating requirements, after taking into account the Company's holdings of cash. The Company's cash is held in corporate bank accounts available on demand. Liquidity risk has been assessed as being high (see note 1).

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not currently exposed to interest rate risk.

Off-Balance Sheet Transactions

The Company has not entered into any significant off-balance sheet arrangements or commitments.

PROPOSED TRANSACTIONS

On March 3, 2015, the Company entered into a non-binding letter of intent 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.

In furtherance of the transaction the parties entered into a merger agreement dated July 21, 2015. 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").

Pursuant to the merger agreement the Company will upon closing of the merger 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.

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.

RISKS AND UNCERTAINTIES

The Company is in the corporate consulting business and as such is exposed to a number of risks and uncertainties that are not uncommon to other companies in the same business.

Negative Operating Cash Flows

As the Company is at the early stage start up stage it may continue to have negative operating cash flows. Without the injection of further capital and the development of revenue streams from its business, the Company may continue to have negative operating cash flows until it can realize stable cash flow from operations.

Risks Related as a Going Concern

The ability of the Company to continue as a going concern is uncertain and dependent upon its ability to achieve profitable operations, obtain additional capital and receive continued support from its shareholders. The Company may have have to raise capital to continue its business. The outcome of these matters cannot be predicted at this time.

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

Reliance on Key Personnel and Advisors

The Company relies heavily on its officers. The loss of their services may have a material adverse effect on the business of the Company. There can be no assurance that one or all of the employees (if any) of, and contractors engaged by, the Company will continue in the employ of, or in a consulting capacity to, the Company or that they will not set up competing

businesses or accept positions with competitors. There is no guarantee that certain employees (if any) of, and contractors to, the Company who have access to confidential information will not disclose the confidential information.

As of the date of this document, the Company has no employees.

Market Risk for Securities

We are a reporting issuer company whose common shares are not listed for trading on a stock exchange. There can be no assurance that an active trading market for our common shares will be established and sustained. Even if a trading market develops, there can be no assurance that such market will continue in the future. If a listing of the Company's common shares occurs, the market price for our common shares could be subject to wide fluctuations. Factors such as commodity prices, government regulation, interest rates, share price movements of peer companies and competitors, as well as overall market movements, may have a significant impact on the market price of our securities. The stock market has from time to time experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance of particular companies. Consequently, you may lose your entire investment.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Certain of our directors and officers are also directors and operators in other companies. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from our interests. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests. However, in conflict of interest situations, our directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to us. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to us. Consequently, there exists the possibility for such directors to be in a position of conflict. Any decision made by such directors involving the Company will be made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a conflict of interest.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract any consultants as may be necessary to continue our business. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified officers, directors and other key personnel can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future.. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favourable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations and the price of our common shares.

Dividend Risk

We have not paid dividends in the past and do not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Share Price Volatility Risk

It is anticipated that our common shares will be listed for trading on the Exchange. As such, external factors outside of our control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward the Company's sector stocks may have a significant impact on the market price of our common shares. Global stock markets, including the Exchange, have from time to time experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. There can be no assurance that an active or liquid market will develop or be sustained for the common shares.

OTHER INFORMATION

Additional information on the Company is available on SEDAR at www.sedar.com.

Appendix B

H-SOURCE, INC.

FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND FROM MAY 27, 2014 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2014

(EXPRESSED IN US DOLLARS)

Statements of Financial Position

Statements of Comprehensive Loss

Statements of Changes in Shareholders' Equity

Statements of Cash Flows

Notes to Financial Statements

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Spokane, WA 99201-0611

Independent Auditor's Report

Board of Directors
H-Source, Inc.
Spokane, Washington

We have audited the accompanying financial statements of H-Source, Inc., which comprise the statement of financial position as of December 31, 2014 and the related statement of profit or loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian Auditing Standards, as issued by the Auditing and Assurance Standards Board. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

BDO USA, LLP, a Delaware limited liability partnership, is the U.S. member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of H-Source, Inc. as of December 31, 2014, and the results of its operations and its cash flows for the period then ended in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board.

Emphasis of Matter Regarding Going Concern

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As described in Note 2 to the financial statements, the Company has suffered a loss from operations since inception and has a net capital deficiency that raise substantial doubt about its ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 2. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

BDO USA, LLP

Spokane, Washington
August 4, 2015

H-SOURCE, INC.
STATEMENTS OF FINANCIAL POSITION
(Expressed in United States Dollars)

	June 30, 2015 (unaudited) $	December 31, 2014 $
ASSETS		
Current assets		
Cash	86,352	-
Prepaid expenses	-	1,821
Deferred share issuance costs (Note 14)	172,835	-
	259,187	1,821
Patents (Note 7)	57,411	57,411
Software development costs (Note 7)	245,162	182,068
TOTAL ASSETS	561,760	241,300
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable and accrued liabilities (Note 8)	473,475	283,472
Promissory notes payable (Note 9)	54,168	64,275
Convertible debentures (Note 10)	287,666	85,000
	815,309	432,747
Promissory notes payable – long term portion (Note 9)	13,529	13,589
TOTAL LIABILITIES	828,838	446,336
Shareholders' equity (deficiency)		
Common stock (Note 11)	664,509	15,349
Reserves (Note 9)	9,276	9,276
Deficit	(940,863)	(229,661)
	(267,078)	(205,036)
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	561,760	241,300

The accompanying notes are an integral part of these financial statements

H-SOURCE, INC.
STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in United States Dollars)

	Six months ended June 30, 2015	Seven months ended December 31, 2014
	(Unaudited)	
	$	$
OPERATING EXPENSES		
Selling expenses	5,214	1,166
General and administrative expenses	539,703	215,096
LOSS FROM OPERATIONS	(544,917)	(216,262)
OTHER INCOME/EXPENSE		
Interest and other finance costs, net	166,285	13,399
LOSS BEFORE TAX	(711,202)	(229,661)
Tax expense	-	-
NET LOSS AND TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(711,202)	(229,661)
BASIC AND DILUTED LOSS PER SHARE	(0.23)	(0.09)
WEIGHTED AVERAGE SHARES OUTSTANDING	3,044,990	2,640,751

The accompanying notes are an integral part of these financial statements

H-SOURCE, INC.

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in United States Dollars)

FOR THE SIX MONTHS ENDED JUNE 30, 2015 AND FROM MAY 27, 2014 (DATE OF INCEPTION) THROUGH DECEMBER 31, 2014

	Common Shares				
	Number	Amount	Additional Paid-In Capital	Accumulated Deficit	Total
		$	$	$	$
Balance at May 27, 2014	-	-	-	-	-
Issued to acquire H-Source LLC (Note 5)	2,640,000	2,349	9,276	-	11,625
Common shares issued for cash (Note 11)	17,250	11,500	-	-	11,500
Subscriptions received (Note 11)	-	1,500	-	-	1,500
Net loss for the period	-	-	-	(229,661)	(229,661)
Balance at December 31, 2014	2,657,250	15,349	9,276	(229,661)	(205,036)
Common shares issued for cash (Note 11)	281,326	186,050	-	-	186,050
Common shares issued for services (Note 11)	694,732	463,110	-	-	463,110
Net loss for the period	-	-	-	(711,202)	(711,202)
Balance at June 30, 2015 (unaudited)	**3,633,308**	**664,509**	**9,276**	**(940,863)**	**(267,078)**

The accompanying notes are an integral part of these financial statements

H-SOURCE, INC.
STATEMENTS OF CASH FLOWS
(Expressed in United States Dollars)

	Six months ended June 30, 2015	Seven months ended December 31, 2014
	(unaudited)	
	$	$
OPERATING ACTIVITIES		
Net loss for the period	(711,202)	(229,661)
Items not affecting cash and cash equivalents		
Accretion expense	3,801	4,140
Shares issued for services	223,287	-
Foreign exchange	9,217	-
Changes in non-cash working capital		
Prepaid expenses	1,821	(1,821)
Accounts payable and accrued liabilities	213,640	75,116
Accrued interest payable	7,266	4,378
NET CASH USED IN OPERATIING ACTIVITIES	(252,170)	(147,848)
INVESTING ACTIVITIES		
Software development	(27,009)	-
Cash from H-Source LLC (Note 5)	-	49,848
NET CASH GENERATED FROM (USED IN) INVESTING ACTIVITIES	(27,009)	49,848
FINANCING ACTIVITIES		
Proceeds from share issuances	186,050	13,000
Proceeds from convertible debentures	210,234	85,000
Repayment of promissory notes	(13,968)	-
Debt issuance costs	(16,785)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	365,531	98,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	86,352	-
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	-	-
CASH AND CASH EQUIVALENTS, END OF PERIOD	86,352	-
INVESTING AND FINANCING NON-CASH TRANSACTIONS		
Shares issued for software development costs	36,085	-
Shares issued for settlement of accounts payable	203,738	-
Software development costs incurred but not paid	-	77,766
Share issue costs incurred but not paid	172,835	-

The accompanying notes are an integral part of these financial statements

NOTE 1 - NATURE OF OPERATIONS

Nature of operations

H-Source, Inc. ("H-Source" or the "Company") was incorporated under the laws of the State of Washington, USA on May 27, 2014 and acquired all of the assets and assumed all of the liabilities of H-Source LLC, effective June 1, 2014. This transaction was accounted for as an acquisition of an entity under common control and as such the transaction was recorded at historical cost. Upon acquisition H-Source LLC was dissolved. The Company has developed a digital platform and network to operate in the healthcare industry and offers a private, hospital-to-hospital marketplace that allows members to buy/sell/transfer supplies and capital equipment with each other. Members can conduct secure transactions within Integrated Delivery Networks (IDNs), Group Purchasing Organizations (GPOs), the complete H-Source network, or customize their own group of hospitals using our built-in filters. This network is designed specifically to reduce health care costs and medical products waste. H-Source LLC started their Alpha testing in September of 2012, proof of concept in December of 2013, and the Company is currently in Beta testing (going to market) stage with full launch expected by August 2015.

The head office, records office, registered and principal address of the Company are located at 132 – 850 East Spokane Falls Blvd, Spokane, WA, 99224.

These financial statements of the Company were approved and authorized for issue by the Board of Directors on August 20, 2015.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

These financial statements have been prepared using accounting policies in compliance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all of the periods presented, unless otherwise stated.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

Basis of presentation and Going Concern

The preparation of financial statements in compliance with IFRS requires the use of certain critical accounting estimates. It also requires the Group's management to exercise judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed in Note 3.

These financial statements of the Company have been prepared on an accrual basis and are based on historical costs, modified where applicable and are presented in United States dollars unless otherwise noted.

The Company has limited operating experience and has experienced net losses since inception and as of December 31, 2014 and June 30, 2015 had an accumulated deficit of $229,661 and $940,863, respectively. For the period from inception to December 31, 2014 and for the six months ended June 30, 2015, the Company had cash outflows from cash used in operating activities of $147,848 and $252,170. The Company expects to continue to incur net losses and have significant cash outflows for the foreseeable future. The Company is subject to a number of risks similar to those of other pre-commercial stage companies, including its dependence on key individuals, uncertainty of product development and generation of revenues, dependence on outside sources of capital, risks associated with research, development, testing, successful protection of intellectual property, competition with larger, better-capitalized companies, and successful completion of the Company's development programs. Ultimately, the attainment of profitable operations is dependent on future events, including obtaining adequate financing to fulfill its development activities and generating a level of revenues adequate to support the Company's cost structure.

The Company requires significant additional cash resources to continue development of their software platform, support infrastructure, network infrastructure, and sales and marketing efforts. These conditions, among others, raise substantial doubt about the Group's ability to continue as a going concern. The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. This basis of accounting contemplates the recovery of the Company's assets and the satisfaction of liabilities in the normal course of business. A successful transition to attaining profitable operations is dependent upon achieving a level of positive cash flows adequate to support the Company's cost structure.

To support the Company's financial performance, management has undertaken several initiatives recently:

- The Company continues to raise working capital by issuing additional debt, equity and exchanging its outstanding promissory notes for equity ownership, including the following:
  - During the six months ended June 30, 2015, The Company issued 281,326 common shares for gross proceeds of $186,050, including $1,500 received at December 31, 2014, and issued $5,000 and $210,317 (C$265,000) of unsecured convertible promissory notes. Refer to Notes 10 and 11.
  - Subsequent to June 30, 2015, the Company entered into agreements to issue 99,831 common shares with a value of $66,547 in settlement of promissory notes and other debt.
  - On May 14, 2015, H-Source and 1018763 B.C. Ltd, ("BC Co") completed a non-brokered private placement financing, subject to shareholder approval, to raise gross proceeds of C$2,638,100 through the issuance of 17,587,333 subscription receipts at a price of C$0.15 per subscription receipt. Refer to Note 15.

- On March 24, 2015, H-Source entered into an Agency Agreement with Bayfront Capital Partners Ltd. to act as exclusive agent for H-Source to raise up to $2.5 million on a best efforts basis and to assist in the private placement. On March 3, 2015, H-Source entered into a non-binding letter of intent with BC Co whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a proposed business combination and to list the resulting issuer on the Canadian Stock Exchange. This letter of intent was replaced and superseded by the Merger Agreement and Plan of Reorganization dated July 9, 2015. Refer to Note 14.

The Company will continue to consider additional business opportunities to allow them to develop their pipeline and generate revenues, including the planned merger discussed above within the next twelve months. The Company expects to use any capital obtained from the merger or other arrangements to further develop the software and hardware infrastructure required to take their product to market and to actively market their services in the medical community.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

As of June 30, 2015, the Company had cash and cash equivalents of $86,352. The Company requires an infusion of cash to meet their current obligations and continue operating through December 31, 2015. The future viability of the Company is dependent on its ability to generate cash from operating activities, and to raise additional capital to finance its operations. The Company's failure to raise capital as and when needed could have a negative impact on its financial condition and ability to pursue its business strategies.

The financial statements do not include any adjustments due to this uncertainty relating to the recoverability and classification of recorded asset amounts and classification of liabilities.

Unaudited interim financial statements
The accompanying interim financial statements as of June 30, 2015 and for the six months ended June 30, 2015 and related notes thereto are unaudited. These interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the audited financial statements. Interim results are not necessarily indicative of results expected for the full year or for any future period.

Common Control Transactions
The assets and liabilities acquired from entities under common control with the Company are recorded at the carrying value recognized by the transferor. The difference, if any, between the carrying value of the net assets acquired or transferred and the consideration paid by the Company is accounted for as an adjustment to equity.

Foreign currency translation
The functional currency of an entity is the currency of the primary economic environment in which the entity operates. The functional currency of the Company is the United States dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, "The Effects of Changes in Foreign Exchange Rates".

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Patents
Patents are capitalized if it is probable that the future economic benefits that are attributable to the patent will flow to the Company and the cost of the patent can be measured reliably. Patents have finite lives and are measured at cost less accumulated amortization and accumulated impairment losses over their useful lives. Patents are assessed for impairment whenever there is an indication that they may be impaired. If any such indication exists, the recoverable amount is estimated and an impairment loss is recognized whenever the carrying amount exceed their recoverable amount. In 2014 the patents were not yet in service, therefore an impairment analysis was performed in accordance with IAS 36, no impairment was recognized as a result of this analysis.

Patents are being amortized using the straight-line method over a 10 year period upon commencement of commercial operations.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

Deferred software development costs
Research costs are expensed as incurred. Costs related to the development of software are expensed as incurred unless such costs meet the criteria for deferral and amortization under IFRS. The criteria include identifiable costs attributable to a clearly defined product, the establishment of technical feasibility, identification of a market for the software, the Company's intent to market the software, and the existence of adequate resources to complete the project. Directly attributable costs that are capitalized as part of the software application include employee developer costs. Software development costs are amortized over an estimated useful life of three years, commencing in the year when commercial sales of the products commence. Capitalized software development is evaluated in each reporting period to determine whether it continues to meet the criteria for continued deferral and amortization.

Deferred share issuance costs
Costs related to the issuance of shares are capitalized and deferred until the shares are issued, at which point they are offset against the proceeds received from the issuance of shares.

Loss per share
Basic loss per share is calculated by dividing the loss attributable to common shareholders by the weighted average number of common shares outstanding in the period. For all periods presented, the loss attributable to common shareholders equals the reported loss attributable to owners of the Company. Diluted loss per share is calculated by the treasury stock method. Under the treasury stock method, the weighted average number of common shares outstanding for the calculation of diluted loss per share assumes that the proceeds to be received on the exercise of dilutive share options and warrants are used to repurchase common shares at the average market price during the period. Diluted loss per share is not presented as there are no dilutive securities outstanding.

Impairment of assets
The carrying amount of the long-lived assets, specifically intangible assets, is reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. Long-lived assets under construction are evaluated for impairment annually. An impairment loss is recognized whenever the carrying amount of an asset or its cash generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of comprehensive loss.

The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs. There were no impairments recognized in the periods ended December 31, 2014 and June 30, 2015.

An impairment loss is only reversed if there is an indication that the impairment loss may no longer exist and there has been a change in the estimates used to determine the recoverable amount. Any reversal of impairment cannot increase the carrying value of the asset to an amount higher than the carrying amount that would have been determined had no impairment loss been recognized in previous years.

Derivative liability
The derivative financial liability consists of conversion options in a variable number of shares and/or conversion into shares with an exercise price that differs from the functional currency of the Company. The fair value of convertible debt that is convertible at prices that differ from the functional currency of the Company and are within the scope of IAS 32 "Financial Instruments: Presentation". The fair values of these debts as at June 30, 2015 and December 31, 2014 was estimated based on a market rate of interest and determined to be not significantly different from the face value. As a result, no value has been assigned to the derivative portion.

Share Capital
Common shares issued for non-cash consideration are recorded at the fair value of the shares at the time, or if the fair value of shares is not measurable, then the fair value of the services provided.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

Income taxes

Current income tax:
Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax:
Deferred tax assets and liabilities are recognized where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- The initial recognition of goodwill
- 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 or taxable profit, and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilized.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- The same taxable group company, or

- Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Financial instruments
The Company classifies its financial instruments in the following categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables, held-to-maturity investments, available-for-sale financial assets and financial liabilities. The classification depends on the purpose for which the financial instruments were acquired. Management determines the classification of its financial instruments at initial recognition.

Financial assets are classified at fair value through profit or loss when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss. The Company does not have any financial assets measured through profit or loss.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortized cost. They are included in current assets, except for maturities

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

greater than 12 months after the end of the reporting period. These are classified as non-current assets. Cash and Cash Equivalents are included in loans and receivables as of December 31, 2014 and June 30, 2015.

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not suitable to be classified as financial assets at fair value through profit or loss, loans and receivables or held-to-maturity investments and are subsequently measured at fair value. These are included in current assets to the extent they are expected to be realized within 12 months after the end of the reporting period. Unrealized gains and losses are recognized in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary financial assets. The Company does not have and available-for-sale financial assets as of December 31, 2014 and June 30, 2015.

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. The Company has not classified any financial liabilities as FVTPL.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. Financial liabilities classified as other financial liabilities include accounts payable and other short-term monetary liabilities.

Regular purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase the asset.

Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

At each reporting date, the Company assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

Provisions
The Company recognizes provisions for liabilities of uncertain timing or amount including those for legal disputes. If applicable, the provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. There were no provisions recognized as of December 31, 2014 or June 30, 2015.

New Standards and Interpretations Not Yet Effective:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company is currently assessing the impact of the following standards on the consolidated financial statements and intends to adopt these standards when they become effective.

IFRS 15 – Revenue from Contracts with Customers (“IFRS 15”)

In May 2014, the IASB issued IFRS 15 – Revenue from Contracts with Customers ("IFRS 15") which supersedes IAS 11 – Construction Contracts, IAS 18 – Revenue, IFRIC 13 – Customer Loyalty Programs, IFRIC 15 – Agreements for the Construction of Real Estate, IFRIC 18 – Transfers of Assets from Customers, and SIC 31 – Revenue – Barter Transactions involving Advertising Services. IFRS 15 establishes a single five-step model framework for determining the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. As the Company has not yet started generating revenue this standard is not expected to impact the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES-CONT

IFRS 9 – Financial Instruments

IFRS 9 replaces the current IAS39 - Financial Instruments Recognition and Measurement. The standard intends to reduce the complexity in the classification and measurement of financial instruments. In February 2014, the IASB tentatively determined that the revised effective date for IFRS 9 would be January 1, 2018. The Company is currently evaluating the impact the final standard is expected to have on its financial statements.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The Company makes certain estimates and assumptions regarding the future. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Judgments

- Probability of completion of the merger agreement and plan of reorganization.

- Continuing feasibility of internally developed software.

Estimates and assumptions

Fair Value Measurements
A number of assets and liabilities included in the Company's financial statements require measurement at, and/or disclosure of, fair value.

The fair value measurement of the Company's financial and non-financial assets and liabilities utilizes market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are (the 'fair value hierarchy'):

- *Level 1*: Quoted prices in active markets for identical items (unadjusted)

- *Level 2*: Observable direct or indirect inputs other than Level 1 inputs

- *Level 3*: Unobservable inputs (i.e. not derived from market data).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. Transfers of items between levels are recognized in the period they occur.

The Company measures below market rate debt at fair value at inception and amortized cost over the remaining life of the notes.

NOTE 3 – CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS-CONT

Recoverability of long-lived assets
The recoverable amount of assets is the greater of an asset's fair value less cost to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Income Taxes
The Company is currently subject to income tax in the United States and significant judgment is required in determining the provision for income taxes. During the ordinary course of business, there are transactions and calculations for which the ultimate tax determination is uncertain. As a result, the Company recognizes tax liabilities based on estimates of whether additional taxes and interest will be due. These tax liabilities are recognized when, despite the Company's belief that its tax return positions are supportable, the Company believes that certain positions are likely to be challenged and may bot be fully sustained upon review by tax authorities. The Company believes that its accruals for tax liabilities are adequate for all open audit years based on its assessment of many factors including past experience and interpretations of tax law. This assessment relies on estimates and assumptions that may involve a series of complex judgments about future events. To the extent that the final tax outcome of these matters is different than the amounts recorded, such differences will impact income tax expense in the period in which such determination is made.(refer to Note 13).

Below Market Rate Debt and Convertible Debt
The fair value for disclosure purposes has been determined using discounted cash flow pricing models, Significant inputs include the discount rate used to reflect the credit risk and market risk for the Company and its promissory notes (refer to Note 9 and 10). Management's estimate of the discount rate is based on a current market rate of interest for debt instruments obtained by companies of similar risk within this industry..

NOTE 4 – FINANCIAL INSTRUMENTS

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures.

The principal financial instruments used by the Company, from which financial instrument risk arises are cash and cash equivalents, accounts payable and other accrued liabilities and fixed rate notes payable which is carried at amortized cost.

	June 30, 2015	December 31, 2014
	(Unaudited)	
	$	$
Financial Assets		
Cash and cash equivalents	86,352	-
Total financial assets	86,352	-
Financial Liabilities		
Total accounts payable	473,475	51,185
Promissory notes payable (fixed rate)	67,697	77,864
Convertible notes payable (fixed rate)	287,660	85,000
Total financial liabilities	828,838	214,049

NOTE 4 – FINANCIAL INSTRUMENTS-CONT

Amounts are due as follows:		
Within three months	530,505	61,185
Three to twelve months	194,804	54,265
One to two years	103,529	98,599
Two years or more	-	-

Financial instruments not measured at fair value include cash and cash equivalents, accounts payable and other accrued liabilities. Due to their short-term nature, the carrying value of cash and cash equivalents and accounts payable and other accrued liabilities approximates their fair value.

For details of the fair value hierarchy, valuation techniques, and significant unobservable inputs related to determining the fair value of notes payable, which are classified in level 3 of the fair value hierarchy, refer to note 9 and 10.

There were no transfers between levels during the periods presented.

The type of risk exposure and the way in which such exposure is managed is provided as follows:

a) Credit risk
Credit risk is the risk of loss associated with a counter party's inability to fulfill its payment obligations. The Company's primary exposure to credit risk is on its cash accounts. Cash accounts are held with a major bank in the United States. The Company has deposited the cash with its bank from which management believes the risk of loss is remote.

b) Liquidity risk
Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet liabilities when they become due. The Company is exposed to liquidity risk as it does not have sufficient cash to settle its current liabilities, refer to Note 2 and the going concern discussion for further information about the Company's plans to manage liquidity risk.

c) Market risk
Market risk is the risk that changes in market prices, such as interest rates and foreign exchange rates will affect the Company's value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Interest rate risk
The Company has cash and cash equivalents balances and interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by its banking institutions. The Company periodically monitors the investments it makes and is satisfied with the credit ratings of its banks. All debt bears fixed interest rates.

Foreign currency risk
While the Company is operating in U.S. dollars, the Company is also conducting business activities in Canada; as such, it is subject to risk in fluctuations in the exchange rate of the Canadian dollar. The Company is exposed to currency risk primarily on settlements of convertible notes payable that were denominated in the Canadian dollar. A 5% change in the USD:CAD exchange rates would change the amount owing by approximately $11,000.

NOTE 4 – FINANCIAL INSTRUMENTS-CONT

d) Capital management

The Company considers its cash and share capital as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt, acquire or dispose of assets or adjust the amount of cash. There was no change in the Company's approach to capital management during the period ended December 31, 2014 or the six months ended June 30, 2015.

NOTE 5 – ACQUISITION OF ENTITY UNDER COMMON CONTROL

The Company acquired all of the assets and assumed all of the liabilities of H-Source LLC, l, effective June 1, 2014, through issuing 2,640,000 shares of H-Source, Inc. common stock. This transaction was accounted for as an acquisition of an entity under common control and as such the transaction was recorded at historical cost. Upon acquisition H-Source LLC, 1 was dissolved. The assets and liabilities assumed as part of the acquisition are detailed below:

Assets Acquired and Liabilities Assumed	June 1, 2014
	$
Cash	49,848
Patents	57,411
Software development costs	98,414
Accounts payable and accrued liabilities	(120,324)
Promissory notes payable	(73,724)
Total Net Assets Acquired	11,625

NOTE 6– EXPENSES BY NATURE

	June 30, 2015	December 31, 2014
	(Unaudited)	
	$	$
Advertising and promotion	5,214	1,166
General and administrative	36,741	24,584
Foreign exchange	9,217	-
Professional fees	236,615	13,291
Rent	4,900	3,634
Salaries and benefits	234,463	166,177
Software expense	6,755	1,187
Travel	11,012	6,223

NOTE 7 – INTANGIBLE ASSETS

Cost	Patents	Software development costs
	$	$
At May 24, 2014	-	-
Additions - internally developed	-	83,654
Acquired through common control transaction	57,411	98,414
At December 31, 2014	57,411	182,068
Additions - internally developed	-	63,094
At June 30, 2015	57,411	245,162

As the patents and software development costs are still in development as of December 31, 2014 and June 30, 2015, there was no amortization recorded. There were no contractual commitments for development costs as of December 31, 2014 or June 30, 2015.

NOTE 8 – ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	June 30, 2015	December 31, 2014
	(Unaudited)	
	$	$
Accounts payable	411,712	243,387
Accrued payroll taxes	42,961	28,549
Accrued interest payable	18,802	11,536
Total accounts payable and accrued liabilities	473,475	283,472

NOTE 9 – PROMISSORY NOTES PAYABLE

	June 30, 2015 (Unaudited) $	December 31, 2014 $
Beginning balance	77,864	-
Promissory notes entered into or assumed	-	73,724
Repayment of promissory notes	(13,968)	
Accretion expense	3,801	4,140
Total promissory notes payable	67,697	77,864
Less short term portion	(54,168)	(64,275)
Long term portion of promissory notes payable	13,529	13,589

The Company has issued various unsecured promissory notes with face values totaling $83,000 (December 31, 2014 - $83,000). The promissory notes have terms of between 3 months and 3 years and bear interest rates between 0.25% and 8% per annum. Certain of the notes included a "kicker" provision for an additional $6,000 which has been recorded as interest. The Company determined the fair value of certain below-market rate notes with a face value of $63,000 to be $53,724 based on an estimated market interest rate of 15% and as a result a total of $9,276 has been recorded as a reserve in equity under the residual method.

As of December 31, 2014 the carrying value of the promissory notes payable approximated fair value due to the short term nature of the notes. Significant inputs include the market interest rate which varies from the stated rate and is a level 3 input.

At June 30, 2015, one of the notes with a face amount of $10,000 was due and payable, but had not been paid. In addition, certain interest payments due on the notes had also not been paid. Subsequent to June 30, 2015 the Company entered into agreements to settle these notes payable, by the issuance of common shares, subject to regulatory approval.

NOTE 10 – CONVERTIBLE NOTES PAYABLE

During the period ended December 31, 2014, the Company issued $85,000 of unsecured convertible promissory notes, which are convertible as follows: into one share of the Company's common stock and one warrant for every two dollars of convertible promissory notes, exercisable for 3 years at $1.50 share, from date of conversion; or in the even the note is not repaid within the 2 year term the note is convertible into 1 share of restricted common stock and 1 warrant for every two dollars of convertible promissory note, exercisable for 3 years at $1.50 per share, from date of conversion.

The convertible promissory notes have a term of 2 years and bear an interest rate of 10% per annum, paid on a quarterly basis, beginning October 1, 2014.

The Company classified these notes into debt and derivative components as a result of the ability to convert at a variable number of shares. As the Company was unable to reliably fair value the derivative liability, the fair value of the debt component was calculated as the present value of the required interest and principal payments that would have been applicable to non-convertible debt using a market rate of 15% per annum. The value of the derivative liability was determined to be insignificant and the debt has been recorded at its face value at initial recognition and at June 30, 2015 and December 31, 2014

During the period ended June 30, 2015, the Company issued $5,000 and $210,317 (C$265,000) of unsecured convertible promissory notes. The $5,000 note bears interest at 8% per annum, is due 30 days from a capital raise of $1,500,000 and is convertible into one share of the Company's common stock at $0.67 per share or the same term as the planned Offering. (See Note 14) The C$265,000 convertible promissory notes have a term of 8 months, bear an interest rate of 10% per annum, and are convertible at C$0.10 per share. These notes are classified as derivative liabilities as the exercise price differs from the functional currency of the Company. Refer to Note 2 and the discussion of derivative liabilities. Issuance costs of $26,565 were paid relating to the C$ notes and are being accreted over the life of the notes. For the six months period ended June 30, 2015, the Company recognized $8,120 in accretion of the issuance costs.

The Company classified these notes into debt and derivative components. As the Company was unable to reliably fair value the derivative liability, the fair value of the debt component was calculated as the present value of the required interest and principal payments that would have been applicable to non-convertible debt using a market rate of 15% per annum. The value of the derivative liability was determined to be insignificant and the debt has been recorded at its amortized cost.

NOTE 11 – SHARE CAPITAL

Authorized common shares
10,000,000 common shares without par value.

Issued shares

During the seven months ended December 31, 2014:

On June 1, 2014 the Company acquired 100% of H-Source, LLC, a company under common control. The Company issued 2,640,000 common shares for the acquisition of H-Source, LLC which included settling certain debts outstanding by the issuance of shares.

The Company issued 17,250 common shares for gross proceeds of $11,500. In addition, $1,500 was received towards a future share issuance and recorded in share capital.

During the six months ended June 30,, 2015:

The Company issued 281,326 common shares for gross proceeds of $186,050 including $1,500 received at December 31, 2014.

NOTE 11 – SHARE CAPITAL-CONT

The Company issued 694,732 common shares with a fair value of $463,110 for services rendered and in settlement of amounts owing to various parties.

NOTE 12 – RELATED PARTY TRANSACTIONS

Related party transactions are as follows:

a) As at June 30, 2015, $nil (December 31, 2014 - $550) is owed to the Chief Executive Officer of the Company which was included in accounts payable.
b) As at June 30, 2015, $5,000 (December 31, 2014 - $nil) is owed to a director of the Company for a convertible note payable (Note 10). A further $10,000 (December 31, 2014 - $10,000) is owed to a relative of an officer of the Company for a promissory note.

Summary of key management (President, CEO and CFO) personnel compensation:

	June 30, 2015	December 31, 2014
	(Unaudited)	
	$	$
Salaries and contract labour	154,753	117,625

Included in the above amounts are $36,085 (December 31, 2014 - $77,766) which has been capitalized to deferred software development costs.

During the six month period ended June 30, 2015 the Company issued 414,733 shares with a fair value of $276,462 in settlement of fees and wages owing to officers and directors for services provided.

NOTE 13 – DEFERRED INCOME TAXES

A reconciliation of the expected income tax recovery to the actual income tax recovery is as follows:

	December 31, 2014
Net loss	$ (229,661)
Statutory tax rate	34%
Expected income tax recovery at the statutory tax rate	(78,085)
Non-deductible items	1,449
Unrecognized deferred tax assets	76,636
Income tax recovery	$ -

The Company has the following deductible temporary differences for which no deferred tax asset has been recognized:

	December 31, 2014
Non-capital loss carry-forwards	$ 11,000
Accruals	214,000

The Non-capital loss carryfowards expire commencing in 2034, and the accruals have no expiration date.

Deferred income tax assets are recorded when it is probable that they will be recovered against profits in future periods. Based on this criterion, no net deferred income tax assets have been recorded. There was no change in this assessment for the period ended June 30, 2015.

NOTE 14 - MERGER AGREEMENT AND PLAN OF REORGANIZATION

On March 3, 2015 H-Source entered into a non-binding letter of intent with 1018763 B.C. Ltd, ("BC Co") whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a proposed business combination. This letter of intent was replaced and superseded by the Merger Agreement and Plan of Reorganization dated July 9, 2015.

Upon the terms and subject to the conditions set forth in the Merger Agreement, at the Effective Date:

(i) As consideration for entering into the Merger Agreement, BC Co shall have issued such number of BC Co Common Shares, at a deemed price of $0.15 per BC Co Common Share, to the Existing H-Source Shareholders on a pro rata basis so that the number of BC Co Common Shares and Common Shares held by the Existing H-Source Shareholders when added together equal the sum of 20,000,000 common shares.

(ii) Each H-Source Share exchanged for one fully paid and non-assessable Resulting Issuer Common Share shall be cancelled;

(iii) Each Merger Co Share issued and outstanding immediately prior to the Effective Date shall be exchanged for one share of common stock of Surviving Co;

(iv) Each Broker Warrant and H-Source Option outstanding immediately prior to the Effective Date shall be exchanged for one Resulting Issuer Option;

(v) All Broker Warrants and H-Source Options exchanged for Resulting Issuer Options shall be cancelled;

(vi) H-Source Bridge Loan outstanding immediately prior to the Effective Date shall be exchanged for the equivalent amount of Resulting Issuer Bridge Loan;

(vii) H-Source Bridge Loan exchanged for the Resulting Issuer Bridge Loan shall be cancelled; and

(viii) Surviving Co shall be a wholly-owned subsidiary of the Resulting Issuer.

The result of the Merger is that of a Reverse Take Over, whereby the shareholders of H-Source will hold 40,237,333 common shares of the Resulting Issuer and the shareholders of BC Co will hold 5,540,549 common shares of the Resulting Issuer, which will change its name to H-Source International Ltd. and will apply to list its shares on the Canadian Stock Exchange.

Financing

On March 24, 2015 H-Source entered into an Agency Agreement with Bayfront Capital Partners Ltd. to act as exclusive agent for H-Source to raise up to $2.5 million on a best efforts basis. The completion of the Offering is subject to the filing of a Non-Offering Prospectus with the BC Securities Commission, the receipt of all necessary regulatory and stock exchange approvals. The resulting issuer will issue agent's warrants entitling the purchase by the agent of that number of common shares of the resulting issuer as is equal to 7.5% of that number of H-Source shares issued under the private placement financing, exercisable at a per share price of $0.15 for a period of 24 months from the date of closing.

To June 30, 2015 the Company has incurred $172,835 in share offering costs which have been deferred and will be offset against the proceeds of the above financing.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to June 30, 2015 the Company issued entered into agreements to issue 99,831 common shares with a value of $66,547 in settlement of promissory notes and other debt.

On May 14, 2015, H-Source and BC Co completed a non-brokered private placement financing to raise gross proceeds of C$2,638,100 through the issuance of 17,587,333 subscription receipts at a price of C$0.15 per subscription receipt, pursuant to available "accredited investors" and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the U.S. Securities Act of 1933, as amended, provided by Rule 903 of Regulation S thereunder and Rule 506(b) of Regulation D thereunder. Each subscription receipt will automatically convert, without additional consideration, into one common share in the capital of the Merger BC Co concurrently with the completion of the merger. In connection with the private placement financing, BC Co and H-Source agreed to pay an aggregate finder's fees of C$197,857 and issued 1,319,050 warrants (the "Finder Warrants"). Each Finder Warrant is exercisable at C$0.15 per Resulting Issuer Share for a period of two (2) years following the date of completion of the Merger.

In August 2015 H-Source Holdings Ltd., the Resulting Issuer of the Merger Agreement, filed a Non-Offering Prospectus with the British Columbia Securities Commission. ("BCSC").

Appendix B1

H-SOURCE INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Period ended December 31, 2014

General

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of July 28, 2015 and it presents an analysis of the financial position of the H-Source Inc. (the "Corporation", "Company" or "H-Source") for the period from incorporation on May 27, 2014 until December 31, 2014 ("Fiscal 2014"). The following information should be read in conjunction with the audited financial statements of the Corporation for Fiscal 2014, including the notes contained therein. These audited financial statements are presented in United States currency and were prepared using International Financial Reporting Standards ("IFRS").

Unless otherwise indicated, references to $ or "dollars' are to US dollars and references to "C$" are to Canadian dollars.

Forward-looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance, and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this MD&A include, among others, statements regarding our future operating results, economic performance, and product development efforts, and statements in respect of:

- our expected future losses and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirement for, and our ability to obtain, future funding on favorable terms or at all;
- our potential sources of funding;
- our expectations regarding our capacity to develop our technology;
- our assessment of the benefits of our technology to our customers;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory clearance process;
- our plans to market our technology;
- our expectations regarding the acceptance of our technology by the market;
- our expectations with respect to future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance, and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital

required to maintain our business as a going concern;
• the ability to obtain sufficient and suitable financing to support operations, development and commercialization of technology;
• the risks associated with the development of our technology;
• the risks associated with the increase in operating costs from additional development costs and increased staff;
• the regulatory approval process;
• our ability to successfully compete in our targeted markets;
• our ability to adequately protect proprietary information and technology from competitors;
• our ability to attract and retain key personnel and key collaborators;
• the potential for product liability claims; and
• the substantial risks involved in early-stage technology development companies.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A.

Business Overview

H-Source is a technology company operating within the healthcare industry. H-Source has developed a proprietary hospital-to-hospital transaction platform that provides a private, secure and trusted marketplace for member hospitals to buy/sell/transfer excess inventory supplies and capital equipment with each other.

Significant Events and Milestones for the period ended December 31, 2014

The founder of H-Source started Alpha testing in September of 2012, proof of concept in December of 2013, and the Company is currently in Beta testing (going to market) stage with full launch expected by August 2015.

H-Source engages Indus Net Technologies ("INT") for the development of its Cloud based transaction platform, Headquartered in India, INT has offices in more than 5 global locations and caters to a wide range of enterprise clients, digital agencies and emerging companies across various industry verticals in more than 40 countries. With deep industry experience of 17+ years and technological expertise across all major business functions, INT helps corporations and Governments across the globe embrace the **"Nexus of Forces" – Cloud/Web based custom application development, Mobility and Digital marketing services** to make their business future ready.

H-Source received partnership approvals from the Northern and Southern California Hospital Association's, and the Washington Hospital Association to help market the hospital-to-hospital transaction platform to their member hospitals.

Overall Performance

The statement of financial position as of December 31, 2014 indicates nil cash and total current assets of $1,821.

Current liabilities at December 31, 2014 total $432,747. Shareholders' deficiency is comprised of share capital of $24,625 and accumulated deficit of $229,661.

Working capital deficiency, which is comprised of current assets less current liabilities, was ($430,926) at December 31, 2014.

Selected Annual Information

As at the end of the initial period ended December, 31, 2014 the Company had 2,657,250 common shares issued and outstanding for gross proceeds of $24,625.

The following selected financial data is derived from the audited financial statements of the Corporation prepared in accordance with International Financial Reporting Standards ("IFRS").

From Incorporation on May 27, 2014 to December 31, 2014 (Audited)	
Total revenue	$Nil
Net loss	($229,661)
Total assets	$241,300
Total Liabilities	$446,336
Net loss per share (Basic and diluted)	($0.09)

For the period ended December 31, 2014, the Company reported no discontinued operations and did not declare any cash dividends. As the Company was incorporated on May 27, 2014, no comparative financial information is available.

Fourth Quarter

For the three-month period ended December 31, 2014 the expenses for the Corporation consisted mainly of salaries and benefits of $80,500, general administration of $102,500 and professional fees of $5,400.

Results of Operations and Additional Disclosure for the Company without Significant Revenue

The Company is currently a development stage company and has yet to record any revenue from operations. The expenses of the Corporation for the period ended December 31, 2014, consist mainly of salaries and benefits of $166,177, general administration of $24,584, and professional fees of $13,291.

The Company amortizes its patents on a straight-line basis over 10 years commencing in 2015.

Professional fees incurred for the period ended December 31, 2014 amounted to $13,291. These fees are associated with the initial set-up of the Corporation and accounting services for the period ended December 31, 2014.

The total loss for the period from incorporation May 27, 2014 to December 31, 2014 is $229,661.

Summary of Quarterly Results

The following table sets out selected unaudited financial information of the Company for the three most recently quarters of operations since incorporation on May 27, 2014. This information is derived from unaudited quarterly financial statements prepared by management. These financial data are prepared in accordance with IFRS.

	Qtr 4 December 31, 2014 $	Qtr 3 September 30, 2014 $	Qtr 2 From Incorporation on May 27, 2014 to June 30, 2014 $
Revenue	Nil	Nil	Nil
Net Loss	(156,352)	(46,992)	(26,317)
Basic and diluted loss per share	(0.06)	(0.02)	(0.01)
Total assets	241,300	218,968	227,080
Working Capital	(430,926)	18,313	44,028

Liquidity and Capital Resources

For the period ended December 2014 the Company generated $98,000 from financing activities and acquired cash from H-Source LLC $49,848.

At December 31, 2014, the Corporation had a working capital deficiency of $430,926, having current assets $1,821 and accounts payable and accrued liabilities of $432,747.

A summary of the Company's contractual obligations at December 31, 2014 is detailed in the table below.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Accounts Payable, Accrued and other Liabilities	$446,336	$347,737	$98,599	N/A	N/A
Total	$446,336	$347,737	$98,599	N/A	N/A

Subsequent Events

The following subsequent events occurred after the period ended December 31, 2014:

The Company issued $5,000 and $210,317 (C$265,000) of unsecured convertible promissory notes. The $5,000 note dated February 9th, 2015 bears interest at 8% per annum, is due 30 days from a capital raise of $1,500,000 and is convertible into one share of the Company's common stock at $0.67 per share. The C$265,000 convertible promissory notes ("Bridge Loan") dated March 5th, 2015 have a term of 8 months, bear an interest rate of 10% per annum, and are convertible at C$0.10 per share. These notes are classified as derivative liabilities as the exercise price differs from the functional currency of the Company. Issuance costs of $26,565 were paid relating to the C$ notes and are being accreted over the life of the notes.

On March 3, 2015 H-Source entered into a non-binding letter of intent with 1018763 B.C. Ltd, ("BC Co") whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a

proposed business combination. This letter of intent was replaced and superseded by the Merger Agreement dated July 21, 2015.

The result of the Merger is that of a Reverse Take Over, whereby the shareholders of H-Source will hold 40,237,333 common shares of the Resulting Issuer and the shareholders of BC Co will hold 5,540,549 common shares of the Resulting Issuer, which will change its name to H-Source Holdings Ltd. and will apply to list its shares on the Canadian Securities Exchange.

Financing

H-Source and BC Co completed a non-brokered private placement financing closed in three tranches on March 24, 2015, April 2, 2015, and July 20, 2015 (the "**Private Placement**") to raise gross proceeds of C$2,638,100 through the issuance of 17,587,333 subscription receipts (each a "**Subscription Receipt**") at a price of C$0.15 per Subscription Receipt, pursuant to available "accredited investors" and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the U.S. Securities Act of 1933, as amended (the "**US Securities Act**"), provided by Rule 903 of Regulation S ("**Regulation S**") thereunder. Each Subscription Receipt will automatically convert, without additional consideration, into one (1) common share (each, a "**Resulting Issuer Share**") in the capital of the Issuer concurrently with the completion of the Merger. In addition to the Private Placement, H-Source also issued 10% unsecured convertible debentures in the aggregate amount of C$265,000 (the "**H-Source Bridge Loan**"). The H-Source Bridge Loan is due November 13, 2015 and is convertible at any time before maturity, at the option of the holder, into H-Source Shares at a conversion price of C$0.10 per H-Source Share, Conversion will automatically be accelerated upon closing of the Merger. In connection with the Private Placement and the H-Source Bridge Loan, H-Source agreed to pay an aggregate of finder's fees of C$209,107 and issued **1,531,050** warrants (the "**Finder Warrants**"). Each Finder Warrant is exercisable at C$0.15 per Resulting Issuer Share for a period of two (2) years following the date of completion of the Merger

To March 31, 2015 the Company has incurred $142,735 in share offering costs, which have been deferred and will be offset against the proceeds of the above financing.

Share Issuance subsequent to year-end December 31, 2014:

The Company issued 52,500 common shares for gross proceeds of $35,000 including $1,500 received at December 31, 2014.

The Company issued 677,500 common shares with a fair value of $451,623 for services rendered and in settlement of amounts owing to various parties.

The Company issued 228,826 common shares for proceeds of $152,550 and entered into agreements to issue 257,446 common shares with a value of $171,599 in settlement of promissory notes and other debt.

The Subscription receipts of C$2,638,100 from the completed Private Placement are held in escrow with Computershare Trust Co. of Canada and will be released to the Company upon final receipt of a non-offering Prospectus and listing on the Canadian Securities Exchange.

In June 2015 the Company also raised $135,000 by way of a common share issuance under a private placement memorandum.

The Company has not pledged any of its assets as security for loans, and is not otherwise subject to any debt covenants. Management believes that the funds available subsequent to the completion of these offerings are sufficient for the Company to meet its ongoing obligations. There can be no assurances that financing will always be available to the

Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

Contractual Obligations

Bayfront Capital Partners

BC Co and H-Source entered into an Agency Agreement with Bayfront on March 24, 2015 to be their exclusive agents for the Financing. H-Source Holdings Ltd. will issue to the Agent the Agent's Warrants entitling the purchase by the Agent of that number of Common Shares of the Resulting Issuer as is equal to 7.5% of that number of H-Source Shares issued under the Private Placement Financing, exercisable at a per share price of C$0.15 for a period of 24 months from the date of Closing.

Einra Capital Corp.

On November 18, 2014 and restated through an amending agreement dated July 14, 2015, H-Source entered into a non-exclusive advisory agreement with Einra Capital Corp. ("**Einra**") pursuant to which Einra will provide advisory services to H-Source with respect to H-Source business. Under the terms of the agreement Einra has received 150,000 H-Source Common Shares and will, assuming completion of the Merger, receive a cash fee of $131,904.

License Agreement

There are no license agreements

Off-Balance Sheet Arrangements

As of the date of this management discussion and analysis, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions With Related Parties

Related party transactions are as follows:

a) As at March 31, 2015, $nil (December 31, 2014 - $550) is owed to the Chief Executive Officer of the Company which was included in accounts payable.
b) As at March 31, 2015, $5,000 (December 31, 2014 - $nil) is owed to a director of the Company for a convertible note payable. A further $10,000 (December 31, 2014 - $10,000) is owed to a relative of Murray Walden, an officer of the Company, for a promissory note.

Summary of key management personnel compensation:

	December 31, 2014
Salaries and contract labour	$117,625

Included in the above amounts is $77,766 which has been capitalized to deferred software development costs.

There was 4,308 shares of stock valued at 0.6666 cents per share compensation provided to the director, J. Ronald Overstreet, who is not a Named Executive Officer, for the fiscal year ended December 31, 2014.

During the three month period ended March 31, 2015 the Company issued 397,500 shares with a fair value of $264,974 in settlement of fees and wages owing to officers and directors for services provided.

The Corporation has not engaged in any other transactions, including remuneration to officers/directors, with related parties other than the allotment and issuance of shares to its directors and officers, and the reimbursement of expenses incurred associated with the Company's business.

Recent Accounting Pronouncements

The following is a summary of recent accounting pronouncements the Corporation will be required to adopt in future years. The Corporation continues to evaluate the impact of these standards on its financial statements.

IFRS 9 – Financial Instruments:

In November 2013, the IASB issued IFRS 9, Financial Instruments, (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39). IFRS 9 (2009) establishes the measurement and classification of financial assets. Financial assets are measured either at fair value through earnings or at amortized cost if certain conditions are met. IFRS 9 (2010) includes guidance on the classification and measurement of financial liabilities. The most recent amendment, IFRS 9 (2013) includes a new general hedge accounting model, which will align hedge accounting more closely with risk management. Additionally, the new standard removes the January 1, 2015 effective date. The new mandatory effective date of this standard is January 1, 2018. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements and expects to apply the standard in accordance with its future mandatory effective date.

Financial Instruments

The Corporation's financial instruments include cash and cash equivalents and trade and other payables.

(a) Fair values:

The Corporation categorizes its fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets;

Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and

Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. The carrying amounts for cash and cash equivalents, which are measured at Level 1, and trade and other payables, approximate their fair value due to the short-term nature of the instruments.

(b) Financial risk management:

The following provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, and interest rate risk, and how the Company manages those risks.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's credit risk is attributable to cash. The Company manages such risk by holding cash with Canadian chartered banks with high creditworthiness.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they all due or that it will be required to meet them at excessive cost. The Company manages its liquidity risk mainly through raising funds from private placements and loans from related parties. the Corporation's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Corporation to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

(iii) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates..

(iv) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to interest rate risk.

Disclosure of Outstanding Share Data

The Company is authorized to issue 100,000,000 common shares of which 3,873,522 common shares are issued and outstanding as at the date of this MD&A.

As at December 31, 2014, and as of the date of this MD&A, the following is a description of the outstanding equity securities previously issued by the Corporation:

Authorized Outstanding at December 31, 2014	Common Shares	2,657,250
Outstanding at the Date of this MD&A	Common Shares	3,873,522

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Period from Incorporation on May 27, 2014 to December 31, 2014 $
Advertising and promotion	1,166
General and administrative	24,584
Professional fees	13,291
Rent	3,634
Salaries and benefits	166,177
Software expense	1,187
Travel	6,223

The Advertising and promotion expenses were for printed marketing materials and booth rental for trade shows. The General and Administrative expenses include office supplies, office software and equipment, supplies, and Internet and telephone charges. The salaries and benefits include accrued payroll for management services that was subsequently converted to stock. The professional fees were for corporate counsel and general legal services.

Risk Factors

Risks Related to our business.

Limited Operating History:

The Company is a development stage technology company, which has a limited operating history and has no revenues derived from operations. Significant expenditures have been focused on the development, testing and launch of its hospital-to-hospital marketplace platform. The Company's near-term focus has been in actively attracting new development capital and attracting new member hospitals to utilize the Company's inventory-trading platform. As a result of these and other factors, the Company may not be able to achieve, sustain or increase profitability on an ongoing basis. The Company is subject to many risks common to development stage enterprises, including under capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Problems Resulting from Rapid Growth:

The Company will be pursuing, from the outset, a plan to market its platform solutions to hospitals in North America and globally and will require capital in order to meet these growth plans and there can be no assurances that the Company's capital resources will enable the Company to meet these growth needs. The plan will place significant demands upon the Company's management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, the Company expects to require working capital and other financial resources to meet the needs of its planned growth. No assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of the Company.

Additional Financing will be Required:

The Company will need additional financing to continue its operations. Financing may not be available to the Company on commercially reasonable terms, if at all, when needed. There is no assurance that the Company will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Retention or Maintenance of Key Personnel:

There is no assurance that the Company can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of The Company to operate. The Company considers the services of John Kupice, Chief Executive Officer, and Murray Walden, President to be key to the operation of the Company. While there can be no assurances as to the continued retention of these individuals, The Company believes that they are heavily incentivized through stock ownership, and other compensation, so that the risk of departure is low.

Regulatory Changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Some of the changes are the Food and Drug Administrations ('FDA") implementation of the Universal Device Identifier (UDI) in September of 2015 and the tracking requirements for pharmaceuticals in the United States.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business.

Intellectual Property Rights

The Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's interests in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Dependence on Continued Growth of Developing Online Commerce Market

The market for the sale of industry specific goods over the Internet, particularly through a secure/trusted membership platform, is a new and emerging market. The Company's future revenues and profits are substantially dependent upon the widespread acceptance and use of this Internet platform and other online services as a medium for commerce by consumers. Demand and market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty. Growth in the Company's user base relies on obtaining consumers who have historically used traditional means of commerce to purchase goods. For the Company to be successful, these consumers must accept and use novel ways of conducting business and exchanging information.

In addition, the Internet may not be commercially viable in the long term for a number of reasons, including potentially inadequate development of the necessary network infrastructure or delayed development of enabling technologies, performance improvements and security measures. To the extent that the Internet continues to experience significant growth in the number of users, their frequency of use or their bandwidth requirements, there can be no assurance that the infrastructure for the Internet and other online services will be able to support the demands placed upon them. In addition, the Internet or other online services could lose their viability due to delays in the development or adoption of new standards and protocols required to handle increased levels of Internet or other online service activity, or due to increased governmental regulation. Changes in or insufficient availability of telecommunications services to support the Internet or other online services also could result in slower response times and adversely affect usage of the Internet and other online services generally and the Company's service in particular. If use of the Internet and other online services does not continue to grow or grows more slowly than expected, if the infrastructure for the Internet and other online services does not effectively support growth that may occur, or if the Internet and other online services do not become a viable commercial marketplace, the Company's business, results of operations and financial condition would be materially adversely affected.

Risk of Capacity Constraints

The Company seeks to generate a high volume of traffic and transactions on the Company's service platform. Accordingly, the satisfactory performance, reliability and availability of the Company's Web site, processing systems and network infrastructure are critical to the Company's reputation and its ability to attract and retain large numbers of users who transact sales on its platform while maintaining adequate customer service levels. The Company's revenues depend on the number of items listed by users, the volume of user transactions that are successfully completed and the final prices paid for the items listed. Any system interruptions that result in the unavailability of the Company's service or reduced customer activity would ultimately reduce the volume of items listed and transactions completed. Interruptions of service may also diminish the attractiveness of the Company and its services. Any substantial increase in the volume of traffic on the Company's Web site or in the number of transactions being conducted by customers will require the Company to expand and upgrade its technology, transaction processing systems and network infrastructure. There can be no assurance that the Company will be able to accurately project the rate or timing of increases, if any, in the use of the Company's platform or timely expand and upgrade its systems and infrastructure to accommodate such increases in a timely manner. Any failure to expand or upgrade its systems could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company uses internally developed systems to operate its service and for transaction processing, including billing and collections processing. The Company must continually enhance and improve these systems in order to accommodate the level of use of the Company. Furthermore, in the future, the Company may add additional features and functionality to its services that would result in the need to develop or license additional technologies. The Company's inability to add additional software and hardware or to develop and further upgrade its existing technology, transaction processing systems or network infrastructure to accommodate increased traffic on the Company's service or increased transaction volume through its processing systems or to provide new features or functionality may cause unanticipated system disruptions, slower response times, degradation in levels of customer service, impaired quality of the user's experience on the Company's service, and delays in reporting accurate financial information. There can be no assurance that the Company will be able in a timely manner to effectively upgrade and expand its systems or to integrate smoothly any newly developed or purchased technologies with its existing systems. Any inability to do so would have a material adverse effect on the Company's business, results of operations and financial condition.

Risk of System Failures

The Company's success, and in particular its ability to facilitate trades successfully and provide high quality customer service, depends on the efficient and uninterrupted operation of its computer and communications hardware systems. Substantially all of the Company's computer hardware for operating the Company service is located at Suite 132 850 E. Spokane Falls, Blvd. Spokane Washington and at dedicated hosted server facilities globally. These systems and operations are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism and similar events. Despite any precautions taken by, and planned to be taken by the Company, the occurrence of a natural disaster or other unanticipated problems at the Simple Helix facility could result in interruptions in the services provided by the Company. In addition, the failure by Simple Helix – (The global leader in hosting custom e-commerce solutions) to provide the data communications capacity required by the Company, as a result of human error, natural disaster or other operational disruption, could result in interruptions in the Company's service. We have tried to minimize this risk licensing dedicated servers that are replicated in multiple locations globally. Any damage to or failure of the systems of the Company could result in reductions in, or terminations of, the Company service, which could have a material adverse effect on the Company's business, results of operations and financial condition.

In the case of frequent or persistent system failures, the Company's reputation and name brand could be materially adversely affected. Although the Company has implemented certain network security measures, its servers are also vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays, loss of data or the inability to complete customer auctions. In addition, although the Company works to prevent unauthorized access to the Company data, it is impossible to eliminate this risk completely. The

occurrence of any and all of these events could have a material adverse effect on the Company business, results of operations and financial condition.

Low Barriers to Entry and Competition from Group Purchasing Organizations

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

There may be larger, better financed companies which may become competition for the Company.

At present, management believes that the Resulting Issuer has certain direct competition from Group Purchasing Organizations (the "GPO") is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the **GPO** members when comparing their respective business models. However, there are eight (8) large GPO's in the United States. These companies have the financial ability to change their business model and compete directly with the Company. Management believes that will be difficult for potential competitors to quickly and easily adopt our model because the competitor's contract and software framework would be costly and take significant time to adopt a marketplace model like the Company.

The market for commercial trading over the Internet is new, rapidly evolving and intensely competitive, and the Company expects competition to intensify further in the future. Barriers to entry are relatively low, and current and new competitors can launch new sites at a relatively low cost using commercially-available software. The Company currently or potentially competes with a number of other companies.

Competitive pressures created by any one of these companies, or by the Company's competitors collectively, could have a material adverse effect on the Company's business, results of operations and financial condition. The Company believes that the principal competitive factors in its market are volume and selection of goods, population of buyers and sellers, community cohesion and interaction, customer service, reliability of delivery and payment by users, brand recognition, Web site convenience and accessibility, price, quality of search tools and system reliability. Certain of the Company's current and many of the Company's potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet markets and significantly greater financial, marketing, technical and other resources than the Company.

In addition, other online trading services may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well- financed companies as use of the Internet and other online services increases. Therefore, certain of the Company's competitors with other revenue sources may be able to devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote substantially more resources to Web site and systems development than the Company or may try to attract traffic by offering services for free. Increased competition may result in reduced operating margins, loss of market share and diminished value in the Company's brand. There can be no assurance that the Company will be able to compete successfully against current and future competitors. Further, as a strategic response to changes in the competitive environment, the Company may, from time to time, make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on its business, results of operations and financial condition.

New technologies and the expansion of existing technologies may increase the competitive pressures on the Company by enabling the Company's competitors to offer a lower-cost service. Certain Web-based applications that direct Internet traffic to certain Web sites may channel users to trading services that compete with the Company. Although the Company has established Internet traffic arrangements with several large online services and search engine companies, there can be no assurance that these arrangements will be renewed on commercially reasonable terms or

that they will otherwise continue to result in increased usage of the Company service. In addition, companies that control access to transactions through network access or Web browsers could promote the Company's competitors or charge the Company substantial fees for inclusion. Any and all of these events could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Brand Development

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high quality services. In order to promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. Further, there can be no assurance that any new users attracted to the Company will conduct transactions over the Company's platform on a regular basis. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business.

The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. These market characteristics are exacerbated by the emerging nature of the Web and the apparent need of companies from a multitude of industries to offer Web-based products and services. Accordingly, the Company's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its services to evolving industry standards and to continually improve the performance, features and reliability of its service in response to competitive service and product offerings and evolving demands of the marketplace. The failure of the Company to adapt to such changes would have a material adverse effect on the Company's business, results of operations and financial condition. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures by The Company to modify or adapt its services or infrastructure, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are conducted on the Internet due to the rapid creation, introduction and adoption of new diagnostic and treatment technologies. As a result, an investment in securities of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment. Additionally, there can be no assurances that The Company will be able to successfully secure, introduce and adopt new software and integration technologies so as to implement its business strategy or otherwise overcome the risks generally associated with companies whose businesses are conducted on the Internet.

Risks associated with New Services, Features and Functions

The Company plans to expand its operations by developing and promoting new or complementary services, products or transaction formats or expanding the breadth and depth of services. There can be no assurance that the Company

would be able to expand its operations in a cost-effective or timely manner or that any such efforts would maintain or increase overall market acceptance. Furthermore, any new business or service launched by the Company that is not favorably received by consumers could damage the Company's reputation and diminish the value of its brand name. Expansion of the Company's operations in this manner would also require significant additional expenses and development, operations and other resources and would strain the Company's management, financial and operational resources. The lack of market acceptance of such services or the Company's inability to generate satisfactory revenues from such expanded services to offset their cost could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks related to Consumer Trends

The Company derives substantially all of its revenues from commissions received upon the successful completion of sale transactions of the Sellers listed products on the H-Source platform.. The Company's future revenues will depend upon continued demand for the types of goods that are listed by users of the Company service. The value of listed items on the Company platform will fluctuate depending on the listing of inventory for sale by its customers, the frequency of transactions and the expiry dates for certain items. These trends will cause significant fluctuations in The Company's operating results from one quarter to the next. Any decline in demand for the goods offered through the Company service as a result of changes in consumer trends could have a material adverse effect on The Company's business, results of operations and financial condition.

Risks associated with Certain Activities on The Company's Service

The law relating to the liability of providers of online services for activities of their users on the service is currently unsettled. The Company does pre-screen the types of goods offered on the Company. The Company is aware that certain goods, such as restricted drugs and other goods that may be subject to regulation by local, state or federal authorities will not be traded on the Company service. There can be no assurance that the Company will be able to prevent the unlawful exchange of goods on its service or that it will successfully avoid civil or criminal liability for unlawful activities carried out by users through the Company's service. The imposition upon the Company of potential liability for unlawful activities of users of the Company service could require The Company to implement measures to reduce its exposure to such liability, which may require, among other things, The Company to spend substantial resources and/or or to discontinue certain service offerings. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, the Company's success depends largely upon sellers reliably delivering and accurately representing the listed goods and buyers paying the agreed purchase price. The Company has received in the past, and anticipates that it will receive in the future, communications from users who did not receive the purchase price or the goods that were to have been exchanged. While the Company can suspend the accounts of users who fail to fulfill their delivery obligations to other users, the Company, beyond crediting sellers with the amount of their fees in certain circumstances, does not have the ability to otherwise require users to make payments or deliver goods and the Company does not compensate users who believe they have been defrauded by other users. The Company also from time to time receives complaints from buyers as to the quality of the goods purchased. The Company may in the future receive additional requests from users requesting reimbursement or threatening legal action against the Company if no reimbursement is made. Any resulting litigation could be costly for the Company, divert management attention and could result in increased costs of doing business, or otherwise have a material adverse effect on the Company's business, results of operations and financial condition. Any negative publicity generated as a result of fraudulent or deceptive conduct by users of the Company could damage the Company's reputation and diminish the value of its brand name, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Online Commerce Security Risks

A significant barrier to online commerce and communications is the secure transmission of confidential information over public networks. The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication technology to effect secure transmission of confidential information.. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the technology used by The Company to protect customer transaction data. If any such compromise of The Company's security were to occur, it could have a material adverse effect on The Company's reputation and, therefore, on its business, results of operations and financial condition. Furthermore, a party who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in the Company's operations. The Company may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. Concerns over the security of transactions conducted on the Internet and other online services and the privacy of users may also inhibit the growth of the Internet and other online services generally, and the Web in particular, especially as a means of conducting commercial transactions. To the extent that activities of the Company involve the storage and transmission of proprietary information, security breaches could damage the Company's reputation and expose the Company to a risk of loss or litigation and possible liability. The Company's insurance policies carry low coverage limits, which may not be adequate to reimburse the Company for losses caused by security breaches. There can be no assurance that the Company's security measures will prevent security breaches or that failure to prevent such security breaches will not have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully, or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favorable to the Company, or at all, and such financing, if available, might be dilutive

Dependence on the Web Infrastructure

The success of the Company service will depend in large part upon the development and maintenance of the Web infrastructure, such as a reliable network backbone with the necessary speed, data capacity and security, or timely development of complementary products such as high speed modems, for providing reliable Web access and services. Because global commerce and the online exchange of information are new and evolving, it is difficult to predict with any assurance whether the Web will prove to be a viable commercial marketplace in the long term. The Web has experienced, and is expected to continue to experience, significant growth in the numbers of users and amount of traffic. To the extent that the Web continues to experience increased numbers of users, frequency of use or increased bandwidth requirements of users, there can be no assurance that the Web infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the Web will not be adversely affected. These outages and delays could adversely affect the level of Web usage and also the level of traffic and the processing of auctions on the Company.

In addition, the Web could lose its viability due to delays in the development or adoption of new standards and protocols to handle increased levels of activity or due to increased governmental regulation. There can be no assurance that the infrastructure or complementary products or services necessary to make the Web a viable commercial marketplace for the long term will be developed or that if they are developed, that the Web will become a viable commercial marketplace for services such as those offered by the Company. If the necessary infrastructure, standard or protocols or complementary products, services or facilities are not developed, or if the Web does not become a viable commercial marketplace, The Company's business, results of operations and financial condition will be materially and adversely affected. Even if the infrastructure, standards or protocols or complementary products, services or facilities are developed and the Web becomes a viable commercial marketplace in the long term, The Company might be required to incur substantial expenditures in order to adapt its service to changing Web technologies, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Information Disseminated through the Company's Service

The law relating to the liability of online services companies for information carried on or disseminated through their services is currently unsettled. It is possible that claims could be made against online services companies under both United States and foreign law for defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through their services. Several private lawsuits seeking to impose such liability upon other online services companies are currently pending. In addition, legislation has been proposed that imposes liability for or prohibits the transmission over the Internet of certain types of information. The imposition upon the Company and other online services providers of potential liability for information carried on or disseminated through their services could require the Company to implement measures to reduce its exposure to such liability, which may require the Company to expend substantial resources and/or to discontinue certain service offerings. In addition, the increased attention focused upon liability issues as a result of these lawsuits and legislative proposals could impact the growth of Internet use. While the Company carries liability insurance, it may not be adequate to fully compensate the Company in the event the Company becomes liable for information carried on or disseminated through its service. Any costs not covered by insurance incurred as a result of such liability or asserted liability could have a material adverse effect on the Company's business, results of operations and financial condition.

Governmental Regulation and Legal Uncertainties

The Company is not currently subject to direct federal, state or local regulation, and laws or regulations applicable to access to or commerce on the Internet, other than regulations applicable to businesses generally. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security.

Several states have also proposed legislation that would limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also recently settled a proceeding with one online service regarding the manner in which personal information is collected from users and provided to third parties. Changes to existing laws or the passage of new laws intended to address these issues, including some recently proposed changes, could create uncertainty in the marketplace that could reduce demand for the services of the Company or increase the cost of doing business as a result of litigation costs or increased service delivery costs, or could in some other manner have a material adverse effect on the Company's business, results of operations and financial condition. In addition, because the Company's services are accessible worldwide, and the Company facilitates sales of goods to users worldwide, other jurisdictions may claim that the Company is required to qualify to do business as a foreign corporation in a particular state or foreign country. The Company is qualified to do

business in all fifty states in the United States, and failure by the Company to qualify as a foreign corporation in a jurisdiction where it is required to do so could subject the Company to taxes and penalties for the failure to qualify and could result in the inability of the Company to enforce contracts in such jurisdictions. Any such new legislation or regulation, or the application of laws or regulations from jurisdictions whose laws do not currently apply to the Company's business, could have a material adverse effect on the Company's business, results of operations and financial condition.

Sales and Other Taxes

At present the Company does not collect sales or other similar taxes in respect of goods sold by users through the Company service. However, one or more states may seek to impose sales tax collection obligations on out-of-state companies such as the Company which engage in or facilitate online commerce, and a number of proposals have been made at the state and local level that would impose additional taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of electronic commerce, and could adversely affect the Company's opportunity to derive financial benefit from such activities. Moreover, a successful assertion by one or more states or any foreign country that the Company should collect sales or other taxes on the exchange of merchandise on its system could have a material adverse effect on the Company's business, results of operations and financial condition.

Legislation limiting the ability of the states to impose taxes on Internet-based transactions has been proposed in the U.S. Congress. There can be no assurance that this legislation will ultimately be enacted into law or that the final version of this legislation will not contain a limited time period in which such tax moratorium will apply. In the event that the tax moratorium is imposed for a limited time period, there can be no assurance that the legislation will be renewed at the end of such period. Failure to enact or renew this legislation could allow various states to impose taxes on Internet- based commerce and the imposition of such taxes could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with International Operations

A component of the Company's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws

and contractual restrictions to establish and protect its proprietary rights in products and services. The Company has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies.

The Company pursues the registration of its trademarks and service marks in the U.S. and internationally. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which the Company's services are made available online.

To date, The Company has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon The Company's business, results of operations and financial condition.

Market Risk for Securities

The Company is a privately held corporation and there is no market for its securities.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Directors or officers who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future.

Going-Concern Risk

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is

unavailable. These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Appendix B2

H-SOURCE, INC.
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

For the Six Month Period ended June 30th, 2015

General

This Management's Discussion and Analysis ("MD&A") has been prepared by management as of August 19, 2015 and it presents an analysis of the financial position of H-Source, Inc. (the "Corporation", "Company" or "H-Source") for the period the six-month period ending June 30, 2015 ("2ndt Quarter"). The following information should be read in conjunction with the audited financial statements of the Corporation for the initial period ended December 31, 2014, including the notes contained therein. The condensed interim consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") International Accounting Standard 34 - Interim Financial Reporting.

Unless otherwise indicated, references to $ or "dollars' are to US dollars and references to "C$" are to Canadian dollars.

Forward-looking Statements

This MD&A contains forward-looking statements. These statements relate to future events or future performance and reflect our expectations and assumptions regarding our growth, results of operations, performance, and business prospects and opportunities. Such forward-looking statements reflect our current beliefs and are based on information currently available to us. In some cases, forward-looking statements can be identified by terminology such as "may", "would", "could", "will", "should", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict", "potential", "continue" or the negative of these terms or other similar expressions concerning matters that are not historical facts. The forward-looking statements in this MD&A include, among others, statements regarding our future operating results, economic performance, and product development efforts, and statements in respect of:

- our expected future losses and accumulated deficit levels;
- our projected financial position and estimated cash burn rate;
- our requirement for, and our ability to obtain, future funding on favorable terms or at all;
- our potential sources of funding;
- our expectations regarding our capacity to develop our technology;
- our assessment of the benefits of our technology to our customers;
- our expectations regarding the progress, and the successful and timely completion, of the various stages of the regulatory clearance process;
- our plans to market our technology;
- our expectations regarding the acceptance of our technology by the market;
- our expectations with respect to future corporate alliances and licensing transactions with third parties, and the receipt and timing of any payments to be made by us to us in respect of such arrangements; and
- our strategy with respect to the protection of our intellectual property.

A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance, and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the effect of continuing operating losses on our ability to obtain, on satisfactory terms, or at all, the capital required to maintain our business as a going concern;
- the ability to obtain sufficient and suitable financing to support operations, development and commercialization of technology;
- the risks associated with the development of our technology;
- the risks associated with the increase in operating costs from additional development costs and increased staff;
- the regulatory approval process;
- our ability to successfully compete in our targeted markets;
- our ability to adequately protect proprietary information and technology from competitors;
- our ability to attract and retain key personnel and key collaborators;
- the potential for product liability claims; and
- the substantial risks involved in early-stage technology development companies.

Although the forward-looking statements contained in this MD&A are based on what we consider to be reasonable assumptions based on information currently available to us, there can be no assurance that actual events, performance or results will be consistent with these forward-looking statements, and our assumptions may prove to be incorrect. These forward-looking statements are made as of the date of this MD&A.

Forward-looking statements made in this MD&A are made as of the date of the original document and have not been updated by us except as expressly provided for in this MD&A.

Business Overview

H-Source is a technology company operating within the healthcare industry. H-Source has developed a proprietary hospital-to-hospital transaction platform that provides a private, secure and trusted marketplace for member hospitals to buy/sell/transfer excess inventory supplies and capital equipment with each other.

Significant Events and Milestones for the period ended June 30, 2015

The Company issued $5,000 and $210,317 (C$265,000) of unsecured convertible promissory notes. The $5,000 note dated February 9, 2015 bears interest at 8% per annum, is due 30 days from a capital raise of $1,500,000 and is convertible into one share of the Company's common stock at $0.67 per share. The C$265,000 convertible promissory notes ("Bridge Loan") dated March 5, 2015 have a term of 8 months, bear an interest rate of 10% per annum, and are convertible at C$0.10 per share. These notes are classified as derivative liabilities as the exercise price differs from the functional currency of the Company. Issuance costs of $26,565 were paid relating to the C$ notes and are being accreted over the life of the notes.

On March 3, 2015 H-Source entered into a non-binding letter of intent with 1018763 B.C. Ltd., (“BC Co”) whereby BC Co would acquire all of the issued and outstanding common shares in the capital of H-Source, in connection with a proposed business combination. This letter of intent was replaced and superseded by the Merger Agreement dated July 21, 2015.

The result of the Merger is that of a Reverse Take Over, whereby the shareholders of H-Source will hold 40,237,333 common shares of the Resulting Issuer and the shareholders of BC Co will hold 5,540,549 common shares of the Resulting Issuer, which will change its name to H-Source Holdings Ltd. and will apply to list its shares on the Canadian Securities Exchange.

Financing

H-Source and BC Co completed a non-brokered private placement financing closed in three tranches on March 24, 2015, April 2, 2015, and July 20, 2015 (the "**Private Placement**") to raise gross proceeds of C$2,638,100 through the issuance of 17,587,333 subscription receipts (each a "**Subscription Receipt**") at a price of C$0.15 per Subscription Receipt, pursuant to available "accredited investors" and other exempt purchasers exemptions from applicable Canadian prospectus requirements, and the exclusions from the registration requirements of the U.S. Securities Act of 1933, as amended (the "**US Securities Act**"), provided by Rule 903 of Regulation S ("**Regulation S**") thereunder. Each Subscription Receipt will automatically convert, without additional consideration, into one (1) common share (each, a "**Resulting Issuer Share**") in the capital of the Issuer concurrently with the completion of the Merger. In addition to the Private Placement, H-Source also issued 10% unsecured convertible debentures in the aggregate amount of C$265,000 (the "**H-Source Bridge Loan**"). The H-Source Bridge Loan is due November 13, 2015 and is convertible at any time before maturity, at the option of the holder, into H-Source Shares at a conversion price of C$0.10 per H-Source Share, Conversion will automatically be accelerated upon closing of the Merger. In connection with the Private Placement and the H-Source Bridge Loan, H-Source agreed to pay an aggregate of finder's fees of C$197,857 and issued **1,319,050** warrants (the "**Finder Warrants**"). Each Finder Warrant is exercisable at C$0.15 per Resulting Issuer Share for a period of two (2) years following the date of completion of the Merger. The Subscription receipts are held in escrow with Computershare Trust Co. of Canada and will be released to the Company upon final receipt of a non-offering Prospectus and listing on the Canadian Securities Exchange.

To June 30, 2015 the Company has incurred $172,835 in share offering costs, which have been deferred and will be offset against the proceeds of the above financing.

In June 2015 the Company raised $135,000 by way of a common share issuance under a private placement memorandum.

The Company has not pledged any of its assets as security for loans, and is not otherwise subject to any debt covenants. Management believes that the funds available subsequent to the completion of these offerings are sufficient for the Company to meet its ongoing obligations. There can be no assurances that financing will always be available to the Company in the amount required at any particular time or for any particular period or, if available, that it can be obtained on terms satisfactory to the Company.

Overall Performance

The statement of financial position as of June 30, 2015 indicates a cash balance of $86,352 and total current assets of $259,187.

Current liabilities at June 30, 2015 total $815,309. Shareholders' deficiency is comprised of share capital of $676,645667,339 and accumulated deficit of $943,723.

Working capital deficiency, which is comprised of current assets, excluding deferred share issuance costs less current liabilities, was $728,957 at June 30, 2015.

Results of Operations and Additional Disclosure for the Company without Significant Revenue

The Company is currently a development stage company and has yet to record any revenue from operations. The expenses of the Corporation for the period ended June 30, 2015; consist mainly of salaries and benefits of $237,323, general administration of $36,741, and professional fees of $236,615.

The Company amortizes its patents on a straight-line basis over 10 years commencing in 2015.

Professional fees incurred for the period ended June 30, 2015 amounted to $236,615. These fees are associated with the initial set-up of the Company and legal and accounting services for the period ended June 30, 2015.

The total loss for the period is $714,062.

Summary of Quarterly Results

The following table sets out selected unaudited quarterly financial information of the Company since incorporation on May 27, 2014. This information is derived from unaudited quarterly financial statements prepared by management. These financial data are prepared in accordance with IFRS.

	Qtr 2 June 30, 2015 $	Qtr 1 March 31, 2015 $	Qtr 4 December 31, 2014 $	Qtr 3 September 30, 2014 $	Qtr 2 from incorporation to June 30, 2014 $
Revenue	NIl	Nil	Nil	Nil	Nil
Net Loss	714,062	368,211	229,661	46,992	26,317
Basic and diluted loss per share	.23	0.14	0.06	0.02	.01
Total assets	561,760	543,132	241,300	218,968	227,080
Working Capital	(728,957)	(505,332)	(430,926)	18,313	44,028

Liquidity and Capital Resources

For the six-month period ended June 30, 2015 the Company generated $365,531 from financing activities.

At June 30, 2015, the Corporation had a working capital deficiency of $728,957 having cash of $86,352 and accounts payable and accrued liabilities of $473,475, promissory notes payable of $54,168 and convertible debentures with a carrying value of $287,666.

A summary of the Company's contractual obligations at June 30, 2015 is detailed in the table below.

Contractual Obligations	Payments Due by Period				
	Total	Less than 1 Year	1 – 3 Years	4 – 5 Years	After 5 Years
Accounts Payable, Accrued and other Liabilities	$828,838	$815,309	$13,529	N/A	N/A
Total	$828,838	$815,309	$13,529	N/A	N/A

Subsequent Events

The following subsequent events occurred after the period ended June 30, 2015:

On July 31, 2015 the Company issued 99,831 common shares at a deemed price of $0.67 per share.

In August 2015 H-Source Holdings Ltd., the Resulting Issuer of the Merger Agreement, filed a Non-Offering Prospectus with the British Columbia Securities Commission. ("BCSC").

Contractual Obligations

Bayfront Capital Partners

BC Co and H-Source entered into an Agency Agreement on March 24, 2015. H-Source Holdings Ltd. will issue to the Agent the Agent's Warrants entitling the purchase by the Agent of that number of Common Shares of the Resulting Issuer as is equal to 7.5% of that number of H-Source Shares issued under the Private Placement Financing, exercisable at a per share price of C$0.15 for a period of 24 months from the date of Closing.

Einra Capital Corp.

On November 18, 2014 and restated through an amending agreement dated July 14, 2015, H-Source entered into a non-exclusive advisory agreement with Einra Capital Corp. ("Einra") pursuant to which Einra will provide advisory services to H-Source with respect to H-Source business. Under the terms of the agreement Einra has received 150,000 H-Source Common Shares and will, assuming completion of the Merger, receive a cash fee of $131,904.

License Agreement

There are no license agreements

Off-Balance Sheet Arrangements

As of the date of this management discussion and analysis, the Company does not have any off balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company.

Transactions With Related Parties

As at June 30, 2015, $5,000 is owed to a director, Ronald Overstreet, of the Company for a convertible note payable. A further $10,000 (December 31, 2014 - $10,000) is owed to a relative of Murray Walden, an officer of the Company for a promissory note.

Summary of key management personnel compensation:

	June 30, 2015
Salaries and contract labour	$237,323

Included in the above amounts is $63,094 which has been capitalized to deferred software development costs.

During the six month period ended June 30, 2015 the Company issued 397,500 shares with a fair value of $264,974 in settlement of fees and wages owing to officers and directors for services provided.

The Corporation has not engaged in any other transactions, including remuneration to officers/directors, with related parties other than the allotment and issuance of shares to its directors and officers, and the reimbursement of expenses incurred associated with the Company's business.

Recent Accounting Pronouncements

The following is a summary of recent accounting pronouncements the Corporation will be required to adopt in future years. The Corporation continues to evaluate the impact of these standards on its financial statements.

IFRS 9 – Financial Instruments:

In November 2013, the IASB issued IFRS 9, Financial Instruments, (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39). IFRS 9 (2009) establishes the measurement and classification of financial assets. Financial assets are measured either at fair value through earnings or at amortized cost if certain conditions are met. IFRS 9 (2010) includes guidance on the classification and measurement of financial liabilities. The most recent amendment, IFRS 9 (2013) includes a new general hedge accounting model, which will align hedge accounting more closely with risk management. Additionally, the new standard removes the January 1, 2015 effective date. The new mandatory effective date of this standard is January 1, 2018. The Corporation is currently evaluating the impact of IFRS 9 on its financial statements and expects to apply the standard in accordance with its future mandatory effective date.

Financial Instruments

The Corporation's financial instruments include cash and cash equivalents and trade and other payables.

(a) Fair values:
The Corporation categorizes its fair value estimates using a fair value hierarchy based on the inputs used to measure fair value. The fair value hierarchy has three levels based on the reliability of the inputs used to determine fair value as follows:

Level 1: observable inputs such as quoted prices in active markets;
Level 2: inputs, other than quoted prices in active markets, that are observable either directly or indirectly; and
Level 3: unobservable inputs in which there is little or no market data, which require the reporting entity to develop its own assumptions. The carrying amounts for cash and cash equivalents, which are measured at Level 1, and trade and other payables, approximate their fair value due to the short-term nature of the instruments.

(b) Financial risk management:

The following provides disclosures relating to the nature and extent of the Corporation's exposure to risks arising from financial instruments, including credit risk, liquidity risk, foreign currency risk, and interest rate risk, and how the Company manages those risks.

(i) Credit risk:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Corporation's credit risk is attributable to cash. The Company manages such risk by holding cash with Canadian chartered banks with high creditworthiness.

(ii) Liquidity risk:

Liquidity risk is the risk that the Company may be unable to meet its financial obligations as they all due or that it will be required to meet them at excessive cost. The Company manages its liquidity risk mainly through raising funds from private placements and loans from related parties. the Corporation's operating cash requirements are continuously monitored and adjusted as input variables change. As these variables change, liquidity risks may necessitate the need for the Corporation to pursue equity issuances, obtain project or debt financing, or enter into joint arrangements. There is no assurance that the necessary financing will be available in a timely manner.

(iii) Currency risk:

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

(iv) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation is not exposed to interest rate risk.

Disclosure of Outstanding Share Data

The Company is authorized to issue 100,000,000 common shares of which 3,733,139 common shares are issued and outstanding as at the date of this MD&A.

As at June 30, 2015, and as of the date of this MD&A, the following is a description of the outstanding equity securities previously issued by the Corporation:

Authorized Outstanding at June 30, 2015	Common Shares	3,637,618
Outstanding at the Date of this MD&A	Common Shares	3,733,139

Additional Disclosure For Junior Issuers

The Company has expensed the following material cost components:

	Six-month period ended June 30, 2015 $
Advertising and promotion	5,214
General and administrative	36,741
Professional fees	236,615
Foreign exchange	9,217
Rent	4,900
Salaries and benefits	237,323
Travel	11,012

The advertising and promotion expenses were for printed marketing materials and booth rental for trade shows. The general and administrative expenses include office supplies, office software and equipment, supplies, and internet and telephone charges. The salaries and benefits include accrued payroll for management services that was subsequently converted to stock. The professional fees were for corporate counsel, annual audit, and related corporate matters.

RISK FACTORS

Risks Related to our business.

Limited Operating History:

The Company is a development stage technology company, which has a limited operating history and has no revenues derived from operations. Significant expenditures have been focused on the development, testing and launch of its hospital-to-hospital marketplace platform. The Company's near-term focus has been in actively attracting new development capital and attracting new member hospitals to utilize the Company’s inventory-trading platform. As a result of these and other factors, the Company may not be able to achieve, sustain or increase profitability on an ongoing basis. The Company is subject to many risks common to development stage enterprises, including under capitalization, cash shortages, limitations with respect to personnel, financial and other resources, lack of revenues, technology, and market acceptance issues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of the Company's early stage of operations.

Problems Resulting from Rapid Growth:

The Company will be pursuing, from the outset, a plan to market its platform solutions to hospitals in North America and globally and will require capital in order to meet these growth plans and there can be no assurances that the Company’s capital resources will enable the Company to meet these growth needs. The plan will place significant demands upon the Company’s management, and resources. Besides attracting and maintaining qualified personnel, employees or contractors, the Company expects to require working capital and other financial resources to meet the needs of its planned growth. No

assurance exists that the plans will be successful or that these items will be satisfactorily handled, and this may have material adverse consequence on the business of the Company.

Additional Financing will be Required:

The Company will need additional financing to continue its operations. Financing may not be available to the Company on commercially reasonable terms, if at all, when needed. There is no assurance that the Company will be successful in raising additional capital or that the proceeds of any future financings will be sufficient to meet its future capital needs.

Retention or Maintenance of Key Personnel:

There is no assurance that the Company can continuously attract, retain or maintain key personnel in a timely manner if the need arises, even though qualified replacements are believed by management to exist. Failure to have adequate personnel may materially harm the ability of The Company to operate. The Company considers the services of John Kupice, Chief Executive Officer, and Murray Walden, President to be key to the operation of the Company. While there can be no assurances as to the continued retention of these individuals, The Company believes that they are heavily incentivized through stock ownership, and other compensation, so that the risk of departure is low.

Regulatory Changes

The business of the Company is subject to rapid regulatory changes. Failure to keep up with such changes may adversely affect the business of the Company. Some of the changes are the Food and Drug Administrations ('FDA") implementation of the Universal Device Identifier (UDI) in September of 2015 and the tracking requirements for pharmaceuticals in the United States.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are regulated by various federal, state and local governments. The health care, wellness, workers compensation and similar companies are subject to a variety of regulatory requirements and the regulatory environment is ever changing particularly with recent legislation, the full impact of which is not yet understood as regulations have not been issued. Failure to follow regulatory requirements will have a detrimental impact on the business. Changes in legislation cannot be predicted and could irreparably harm the business.

Intellectual Property Rights

The Company could be adversely affected if it does not adequately protect its intellectual property rights. The Company regards its marks, rights, and trade secrets and other intellectual property rights as critical to its success. To protect its investments and the Company's interests in these various intellectual properties, it may rely on a combination of patents, trademark and copyright law, trade secret protection and confidentiality agreements and other contractual arrangements with its employees, clients, strategic partners, acquisition targets and others to protect proprietary rights. There can be no assurance that the steps taken by the Company to protect proprietary rights will be adequate or that third parties will not infringe or misappropriate the Company's copyrights, trademarks and similar proprietary rights, or that the Company will be able to detect unauthorized use and take appropriate steps to enforce rights. In addition, although the Company believes that its proprietary rights do not infringe on the intellectual property rights of others, there can be no assurance that other parties will not assert infringement claims against the Company. Such claims, even if not meritorious, could result in the expenditure of significant financial and managerial resources.

Dependence on Continued Growth of Developing Online Commerce Market

The market for the sale of industry specific goods over the Internet, particularly through a secure/trusted membership platform, is a new and emerging market. The Company's future revenues and profits are substantially dependent upon the

widespread acceptance and use of this Internet platform and other online services as a medium for commerce by consumers. Demand and market acceptance for recently introduced services and products over the Internet are subject to a high level of uncertainty. Growth in the Company's user base relies on obtaining consumers who have historically used traditional means of commerce to purchase goods. For the Company to be successful, these consumers must accept and use novel ways of conducting business and exchanging information.

In addition, the Internet may not be commercially viable in the long term for a number of reasons, including potentially inadequate development of the necessary network infrastructure or delayed development of enabling technologies, performance improvements and security measures. To the extent that the Internet continues to experience significant growth in the number of users, their frequency of use or their bandwidth requirements, there can be no assurance that the infrastructure for the Internet and other online services will be able to support the demands placed upon them. In addition, the Internet or other online services could lose their viability due to delays in the development or adoption of new standards and protocols required to handle increased levels of Internet or other online service activity, or due to increased governmental regulation. Changes in or insufficient availability of telecommunications services to support the Internet or other online services also could result in slower response times and adversely affect usage of the Internet and other online services generally and the Company's service in particular. If use of the Internet and other online services does not continue to grow or grows more slowly than expected, if the infrastructure for the Internet and other online services does not effectively support growth that may occur, or if the Internet and other online services do not become a viable commercial marketplace, the Company's business, results of operations and financial condition would be materially adversely affected.

Risk of Capacity Constraints

The Company seeks to generate a high volume of traffic and transactions on the Company's service platform. Accordingly, the satisfactory performance, reliability and availability of the Company's Web site, processing systems and network infrastructure are critical to the Company's reputation and its ability to attract and retain large numbers of users who transact sales on its platform while maintaining adequate customer service levels. The Company's revenues depend on the number of items listed by users, the volume of user transactions that are successfully completed and the final prices paid for the items listed. Any system interruptions that result in the unavailability of the Company's service or reduced customer activity would ultimately reduce the volume of items listed and transactions completed. Interruptions of service may also diminish the attractiveness of the Company and its services. Any substantial increase in the volume of traffic on the Company's Web site or in the number of transactions being conducted by customers will require the Company to expand and upgrade its technology, transaction processing systems and network infrastructure. There can be no assurance that the Company will be able to accurately project the rate or timing of increases, if any, in the use of the Company's platform or timely expand and upgrade its systems and infrastructure to accommodate such increases in a timely manner. Any failure to expand or upgrade its systems could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company uses internally developed systems to operate its service and for transaction processing, including billing and collections processing. The Company must continually enhance and improve these systems in order to accommodate the level of use of the Company. Furthermore, in the future, the Company may add additional features and functionality to its services that would result in the need to develop or license additional technologies. The Company's inability to add additional software and hardware or to develop and further upgrade its existing technology, transaction processing systems or network infrastructure to accommodate increased traffic on the Company's service or increased transaction volume through its processing systems or to provide new features or functionality may cause unanticipated system disruptions, slower response times, degradation in levels of customer service, impaired quality of the user's experience on the Company's service, and delays in reporting accurate financial information. There can be no assurance that the Company will be able in a timely manner to effectively upgrade and expand its systems or to integrate smoothly any newly developed or purchased technologies with its existing systems. Any inability to do so would have a material adverse effect on the Company's business, results of operations and financial condition.

Risk of System Failures

The Company's success, and in particular its ability to facilitate trades successfully and provide high quality customer service, depends on the efficient and uninterrupted operation of its computer and communications hardware systems. Substantially all of the Company's computer hardware for operating the Company service is located at Suite 132 850 E. Spokane Falls, Blvd. Spokane Washington and at dedicated hosted server facilities globally. These systems and operations are vulnerable to damage or interruption from earthquakes, floods, fires, power loss, telecommunication failures, break-ins, sabotage, intentional acts of vandalism and similar events. Despite any precautions taken by, and planned to be taken by the Company, the occurrence of a natural disaster or other unanticipated problems at the Simple Helix facility could result in interruptions in the services provided by the Company. In addition, the failure by Simple Helix – (The global leader in hosting custom e-commerce solutions) to provide the data communications capacity required by the Company, as a result of human error, natural disaster or other operational disruption, could result in interruptions in the Company's service. We have tried to minimize this risk licensing dedicated servers that are replicated in multiple locations globally. Any damage to or failure of the systems of the Company could result in reductions in, or terminations of, the Company service, which could have a material adverse effect on the Company's business, results of operations and financial condition.

In the case of frequent or persistent system failures, the Company's reputation and name brand could be materially adversely affected. Although the Company has implemented certain network security measures, its servers are also vulnerable to computer viruses, physical or electronic break-ins and similar disruptions, which could lead to interruptions, delays, loss of data or the inability to complete customer auctions. In addition, although the Company works to prevent unauthorized access to the Company data, it is impossible to eliminate this risk completely. The occurrence of any and all of these events could have a material adverse effect on the Company business, results of operations and financial condition.

Low Barriers to Entry and Competition from Group Purchasing Organizations

There is high potential that the Company will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than the Company. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition and results of operations of the Company.

There may be larger, better financed companies which may become competition for the Company.

At present, management believes that the Resulting Issuer has certain direct competition from Group Purchasing Organizations (the "GPO") is an entity that is created to leverage the purchasing power of a group of businesses to obtain discounts from vendors based on the collective buying power of the GPO members when comparing their respective business models. However, there are eight (8) large GPO's in the United States. These companies have the financial ability to change their business model and compete directly with the Company. Management believes that will be difficult for potential competitors to quickly and easily adopt our model because the competitor's contract and software framework would be costly and take significant time to adopt a marketplace model like the Company.

The market for commercial trading over the Internet is new, rapidly evolving and intensely competitive, and the Company expects competition to intensify further in the future. Barriers to entry are relatively low, and current and new competitors can launch new sites at a relatively low cost using commercially-available software. The Company currently or potentially competes with a number of other companies.

Competitive pressures created by any one of these companies, or by the Company's competitors collectively, could have a material adverse effect on the Company's business, results of operations and financial condition. The Company believes that the principal competitive factors in its market are volume and selection of goods, population of buyers and sellers, community cohesion and interaction, customer service, reliability of delivery and payment by users, brand recognition, Web site convenience and accessibility, price, quality of search tools and system reliability. Certain of the Company's current and many of the Company's potential competitors have longer operating histories, larger customer bases and greater brand recognition in other business and Internet markets and significantly greater financial, marketing, technical and other resources than the Company.

In addition, other online trading services may be acquired by, receive investments from or enter into other commercial relationships with larger, well-established and well- financed companies as use of the Internet and other online services increases. Therefore, certain of the Company's competitors with other revenue sources may be able to devote greater resources to marketing and promotional campaigns, adopt more aggressive pricing policies and devote substantially more resources to Web site and systems development than the Company or may try to attract traffic by offering services for free. Increased competition may result in reduced operating margins, loss of market share and diminished value in the Company's brand. There can be no assurance that the Company will be able to compete successfully against current and future competitors. Further, as a strategic response to changes in the competitive environment, the Company may, from time to time, make certain pricing, service or marketing decisions or acquisitions that could have a material adverse effect on its business, results of operations and financial condition.

New technologies and the expansion of existing technologies may increase the competitive pressures on the Company by enabling the Company's competitors to offer a lower-cost service. Certain Web-based applications that direct Internet traffic to certain Web sites may channel users to trading services that compete with the Company. Although the Company has established Internet traffic arrangements with several large online services and search engine companies, there can be no assurance that these arrangements will be renewed on commercially reasonable terms or that they will otherwise continue to result in increased usage of the Company service. In addition, companies that control access to transactions through network access or Web browsers could promote the Company's competitors or charge the Company substantial fees for inclusion. Any and all of these events could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Brand Development

The Company believes that continuing to strengthen its brand is critical to achieving widespread acceptance of the Company, particularly in light of the competitive nature of the Company's market. Promoting and positioning its brand will depend largely on the success of the Company's marketing efforts and the ability of the Company to provide high quality services. In order to promote its brand, the Company will need to increase its marketing budget and otherwise increase its financial commitment to creating and maintaining brand loyalty among users. There can be no assurance that brand promotion activities will yield increased revenues or that any such revenues would offset the expenses incurred by the Company in building its brand. Further, there can be no assurance that any new users attracted to the Company will conduct transactions over the Company's platform on a regular basis. If the Company fails to promote and maintain its brand or incurs substantial expenses in an attempt to promote and maintain its brand or if the Company's existing or future strategic relationships fail to promote the Company's brand or increase brand awareness, the Company's business, results of operations and financial condition would be materially adversely affected.

Rapid Technological Change

The business of the Company is subject to rapid technological changes. Failure to keep up with such changes may adversely affect the business of the Company. The Company is subject to the risks of companies operating in the medical and healthcare business.

The market in which the Company competes is characterized by rapidly changing technology, evolving industry standards, frequent new service and product announcements, introductions and enhancements and changing customer demands. These market characteristics are exacerbated by the emerging nature of the Web and the apparent need of companies from a multitude of industries to offer Web-based products and services. Accordingly, the Company's future success will depend on its ability to adapt to rapidly changing technologies, to adapt its services to evolving industry standards and to continually improve the performance, features and reliability of its service in response to competitive service and product offerings and evolving demands of the marketplace. The failure of the Company to adapt to such changes would have a material adverse effect on the Company's business, results of operations and financial condition. In addition, the widespread adoption of new Internet, networking or telecommunications technologies or other technological changes could require substantial expenditures by The Company to modify or adapt its services or infrastructure, which could have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's prospects must be considered in light of the risks, expenses, shifts, changes and difficulties frequently encountered with companies whose businesses are conducted on the Internet due to the rapid creation, introduction and adoption of new diagnostic and treatment technologies. As a result, an investment in securities of the Company is highly speculative and is only suitable for investors who recognize the high risks involved and can afford a total loss of investment. Additionally, there can be no assurances that The Company will be able to successfully secure, introduce and adopt new software and integration technologies so as to implement its business strategy or otherwise overcome the risks generally associated with companies whose businesses are conducted on the Internet.

Risks associated with New Services, Features and Functions

The Company plans to expand its operations by developing and promoting new or complementary services, products or transaction formats or expanding the breadth and depth of services. There can be no assurance that the Company would be able to expand its operations in a cost-effective or timely manner or that any such efforts would maintain or increase overall market acceptance. Furthermore, any new business or service launched by the Company that is not favorably received by consumers could damage the Company's reputation and diminish the value of its brand name. Expansion of the Company's operations in this manner would also require significant additional expenses and development, operations and other resources and would strain the Company's management, financial and operational resources. The lack of market acceptance of such services or the Company's inability to generate satisfactory revenues from such expanded services to offset their cost could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks related to Consumer Trends

The Company derives substantially all of its revenues from commissions received upon the successful completion of sale transactions of the Sellers listed products on the H-Source platform.. The Company's future revenues will depend upon continued demand for the types of goods that are listed by users of the Company service. The value of listed items on the Company platform will fluctuate depending on the listing of inventory for sale by its customers, the frequency of transactions and the expiry dates for certain items. These trends will cause significant fluctuations in The Company's operating results from one quarter to the next. Any decline in demand for the goods offered through the Company service as a result of changes in consumer trends could have a material adverse effect on The Company's business, results of operations and financial condition.

Risks associated with Certain Activities on The Company's Service

The law relating to the liability of providers of online services for activities of their users on the service is currently unsettled. The Company does pre-screen the types of goods offered on the Company. The Company is aware that certain goods, such as restricted drugs and other goods that may be subject to regulation by local, state or federal authorities will

not be traded on the Company service. There can be no assurance that the Company will be able to prevent the unlawful exchange of goods on its service or that it will successfully avoid civil or criminal liability for unlawful activities carried out by users through the Company's service. The imposition upon the Company of potential liability for unlawful activities of users of the Company service could require The Company to implement measures to reduce its exposure to such liability, which may require, among other things, The Company to spend substantial resources and/or or to discontinue certain service offerings. Any costs incurred as a result of such liability or asserted liability could have a material adverse effect on the Company's business, results of operations and financial condition.

In addition, the Company's success depends largely upon sellers reliably delivering and accurately representing the listed goods and buyers paying the agreed purchase price. The Company has received in the past, and anticipates that it will receive in the future, communications from users who did not receive the purchase price or the goods that were to have been exchanged. While the Company can suspend the accounts of users who fail to fulfill their delivery obligations to other users, the Company, beyond crediting sellers with the amount of their fees in certain circumstances, does not have the ability to otherwise require users to make payments or deliver goods and the Company does not compensate users who believe they have been defrauded by other users. The Company also from time to time receives complaints from buyers as to the quality of the goods purchased. The Company may in the future receive additional requests from users requesting reimbursement or threatening legal action against the Company if no reimbursement is made. Any resulting litigation could be costly for the Company, divert management attention and could result in increased costs of doing business, or otherwise have a material adverse effect on the Company's business, results of operations and financial condition. Any negative publicity generated as a result of fraudulent or deceptive conduct by users of the Company could damage the Company's reputation and diminish the value of its brand name, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Online Commerce Security Risks

A significant barrier to online commerce and communications is the secure transmission of confidential information over public networks. The Company relies on encryption and authentication technology licensed from third parties to provide the security and authentication technology to effect secure transmission of confidential information.. There can be no assurance that advances in computer capabilities, new discoveries in the field of cryptography, or other events or developments will not result in a compromise or breach of the technology used by The Company to protect customer transaction data. If any such compromise of The Company's security were to occur, it could have a material adverse effect on The Company's reputation and, therefore, on its business, results of operations and financial condition. Furthermore, a party who is able to circumvent the Company's security measures could misappropriate proprietary information or cause interruptions in the Company's operations. The Company may be required to expend significant capital and other resources to protect against such security breaches or to alleviate problems caused by such breaches. Concerns over the security of transactions conducted on the Internet and other online services and the privacy of users may also inhibit the growth of the Internet and other online services generally, and the Web in particular, especially as a means of conducting commercial transactions. To the extent that activities of the Company involve the storage and transmission of proprietary information, security breaches could damage the Company's reputation and expose the Company to a risk of loss or litigation and possible liability. The Company's insurance policies carry low coverage limits, which may not be adequate to reimburse the Company for losses caused by security breaches. There can be no assurance that the Company's security measures will prevent security breaches or that failure to prevent such security breaches will not have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Acquisitions

If appropriate opportunities present themselves, the Company intends to acquire businesses, technologies, services or products that the Company believes are strategic. The Company currently has no understandings, commitments or agreements with respect to any other material acquisition and no other material acquisition is currently being pursued. There can be no assurance that the Company will be able to identify, negotiate or finance future acquisitions successfully,

or to integrate such acquisitions with its current business. The process of integrating an acquired business, technology, service or product into the Company may result in unforeseen operating difficulties and expenditures and may absorb significant management attention that would otherwise be available for ongoing development of the Company's business. Future acquisitions could result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortization expenses related to goodwill and other intangible assets, which could materially adversely affect the Company's business, results of operations and financial condition. Any such future acquisitions of other businesses, technologies, services or products might require the Company to obtain additional equity or debt financing, which might not be available on terms favorable to the Company, or at all, and such financing, if available, might be dilutive

Dependence on the Web Infrastructure

The success of the Company service will depend in large part upon the development and maintenance of the Web infrastructure, such as a reliable network backbone with the necessary speed, data capacity and security, or timely development of complementary products such as high speed modems, for providing reliable Web access and services. Because global commerce and the online exchange of information are new and evolving, it is difficult to predict with any assurance whether the Web will prove to be a viable commercial marketplace in the long term. The Web has experienced, and is expected to continue to experience, significant growth in the numbers of users and amount of traffic. To the extent that the Web continues to experience increased numbers of users, frequency of use or increased bandwidth requirements of users, there can be no assurance that the Web infrastructure will continue to be able to support the demands placed on it by this continued growth or that the performance or reliability of the Web will not be adversely affected. These outages and delays could adversely affect the level of Web usage and also the level of traffic and the processing of auctions on the Company.

In addition, the Web could lose its viability due to delays in the development or adoption of new standards and protocols to handle increased levels of activity or due to increased governmental regulation. There can be no assurance that the infrastructure or complementary products or services necessary to make the Web a viable commercial marketplace for the long term will be developed or that if they are developed, that the Web will become a viable commercial marketplace for services such as those offered by the Company. If the necessary infrastructure, standard or protocols or complementary products, services or facilities are not developed, or if the Web does not become a viable commercial marketplace, The Company's business, results of operations and financial condition will be materially and adversely affected. Even if the infrastructure, standards or protocols or complementary products, services or facilities are developed and the Web becomes a viable commercial marketplace in the long term, The Company might be required to incur substantial expenditures in order to adapt its service to changing Web technologies, which could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with Information Disseminated through the Company's Service

The law relating to the liability of online services companies for information carried on or disseminated through their services is currently unsettled. It is possible that claims could be made against online services companies under both United States and foreign law for defamation, libel, invasion of privacy, negligence, copyright or trademark infringement, or other theories based on the nature and content of the materials disseminated through their services. Several private lawsuits seeking to impose such liability upon other online services companies are currently pending. In addition, legislation has been proposed that imposes liability for or prohibits the transmission over the Internet of certain types of information. The imposition upon the Company and other online services providers of potential liability for information carried on or disseminated through their services could require the Company to implement measures to reduce its exposure to such liability, which may require the Company to expend substantial resources and/or to discontinue certain service offerings. In addition, the increased attention focused upon liability issues as a result of these lawsuits and legislative proposals could impact the growth of Internet use. While the Company carries liability insurance, it may not be adequate to fully compensate the Company in the event the Company becomes liable for information carried on or

disseminated through its service. Any costs not covered by insurance incurred as a result of such liability or asserted liability could have a material adverse effect on the Company's business, results of operations and financial condition.

Governmental Regulation and Legal Uncertainties

The Company is not currently subject to direct federal, state or local regulation, and laws or regulations applicable to access to or commerce on the Internet, other than regulations applicable to businesses generally. However, due to the increasing popularity and use of the Internet and other online services, it is possible that a number of laws and regulations may be adopted with respect to the Internet or other online services covering issues such as user privacy, freedom of expression, pricing, content and quality of products and services, taxation, advertising, intellectual property rights and information security.

Several states have also proposed legislation that would limit the uses of personal user information gathered online or require online services to establish privacy policies. The Federal Trade Commission has also recently settled a proceeding with one online service regarding the manner in which personal information is collected from users and provided to third parties. Changes to existing laws or the passage of new laws intended to address these issues, including some recently proposed changes, could create uncertainty in the marketplace that could reduce demand for the services of the Company or increase the cost of doing business as a result of litigation costs or increased service delivery costs, or could in some other manner have a material adverse effect on the Company's business, results of operations and financial condition. In addition, because the Company's services are accessible worldwide, and the Company facilitates sales of goods to users worldwide, other jurisdictions may claim that the Company is required to qualify to do business as a foreign corporation in a particular state or foreign country. The Company is qualified to do business in all fifty states in the United States, and failure by the Company to qualify as a foreign corporation in a jurisdiction where it is required to do so could subject the Company to taxes and penalties for the failure to qualify and could result in the inability of the Company to enforce contracts in such jurisdictions. Any such new legislation or regulation, or the application of laws or regulations from jurisdictions whose laws do not currently apply to the Company's business, could have a material adverse effect on the Company's business, results of operations and financial condition.

Sales and Other Taxes

At present the Company does not collect sales or other similar taxes in respect of goods sold by users through the Company service. However, one or more states may seek to impose sales tax collection obligations on out-of-state companies such as the Company which engage in or facilitate online commerce, and a number of proposals have been made at the state and local level that would impose additional taxes on the sale of goods and services through the Internet. Such proposals, if adopted, could substantially impair the growth of electronic commerce, and could adversely affect the Company's opportunity to derive financial benefit from such activities. Moreover, a successful assertion by one or more states or any foreign country that the Company should collect sales or other taxes on the exchange of merchandise on its system could have a material adverse effect on the Company's business, results of operations and financial condition.

Legislation limiting the ability of the states to impose taxes on Internet-based transactions has been proposed in the U.S. Congress. There can be no assurance that this legislation will ultimately be enacted into law or that the final version of this legislation will not contain a limited time period in which such tax moratorium will apply. In the event that the tax moratorium is imposed for a limited time period, there can be no assurance that the legislation will be renewed at the end of such period. Failure to enact or renew this legislation could allow various states to impose taxes on Internet- based commerce and the imposition of such taxes could have a material adverse effect on the Company's business, results of operations and financial condition.

Risks associated with International Operations

A component of the Company's strategy is to expand internationally. Expansion into the international markets will require management attention and resources. The Company has limited experience in localizing its service, and the Company believes that many of its competitors are also undertaking expansion into foreign markets. There can be no assurance that the Company will be successful in expanding into international markets. In addition to the uncertainty regarding the Company's ability to generate revenues from foreign operations and expand its international presence, there are certain risks inherent in doing business on an international basis, including, among others, regulatory requirements, legal uncertainty regarding liability, tariffs, and other trade barriers, difficulties in staffing and managing foreign operations, longer payment cycles, different accounting practices, problems in collecting accounts receivable, political instability, seasonal reductions in business activity and potentially adverse tax consequences, any of which could adversely affect the success of the Company's international operations. To the extent the Company expands its international operations and has additional portions of its international revenues denominated in foreign currencies, the Company could become subject to increased risks relating to foreign currency exchange rate fluctuations. There can be no assurance that one or more of the factors discussed above will not have a material adverse effect on the Company's future international operations and, consequently, on the Company's business, results of operations and financial condition.

Protection and Enforcement of Intellectual Property Rights

The Company regards the protection of its copyrights, service marks, trademarks, trade dress and trade secrets as critical to its future success and relies on a combination of copyright, trademark, service mark and trade secret laws and contractual restrictions to establish and protect its proprietary rights in products and services. The Company has entered into confidentiality and invention assignment agreements with its employees and contractors, and nondisclosure agreements with parties with which it conducts business in order to limit access to and disclosure of its proprietary information. There can be no assurance that these contractual arrangements or the other steps taken by the Company to protect its intellectual property will prove sufficient to prevent misappropriation of the Company's technology or to deter independent third-party development of similar technologies.

The Company pursues the registration of its trademarks and service marks in the U.S. and internationally. Effective trademark, service mark, copyright and trade secret protection may not be available in every country in which the Company's services are made available online.

To date, The Company has not been notified that its technologies infringe the proprietary rights of third parties, but there can be no assurance that third parties will not claim infringement by the Company with respect to past, current or future technologies. The Company expects that participants in its markets will be increasingly subject to infringement claims as the number of services and competitors in the Company's industry segment grows. Any such claim, whether meritorious or not, could be time-consuming, result in costly litigation, cause service upgrade delays or require the Company to enter into royalty or licensing agreements. Such royalty or licensing agreements might not be available on terms acceptable to the Company or at all. As a result, any such claim could have a material adverse effect upon The Company's business, results of operations and financial condition.

Market Risk for Securities

The Company is a privately held corporation and there is no market for its securities.

Uninsured or Uninsurable Risk

We may become subject to liability for risks against which we cannot insure or against which we may elect not to insure due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for our usual business activities. Payment of liabilities for which we do not carry insurance may have a material adverse effect on our financial position and operations.

Conflicts of Interest Risk

Directors or officers who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to our best interests.

Key Personnel Risk

Our success will depend on our directors and officers to develop our business and manage our operations, and on our ability to attract and retain key quality assurance, scientific, sales, public relations and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on our business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that we will be able to attract or retain key personnel in the future, which may adversely impact our operations.

No Established Market for Shares Risk

There is currently no established trading market through which common shares in our authorized capital may be sold. Even if a trading market develops, there can be no assurance that such market will continue in the future.

Going-Concern Risk

The financial statements of the Company have been prepared on a going concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. Our future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that we will be successful in completing equity or debt financing or in achieving profitability. The financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should we be unable to continue as a going concern.

Global Economy Risk

The ongoing economic slowdown and downturn of global capital markets has generally made the raising of capital by equity or debt financing more difficult. We will be dependent upon the capital markets to raise additional financing in the future, while we establish a client base for our product. Access to financing has been negatively impacted by the ongoing global economic downturn. As such, we are subject to liquidity risks in meeting our development and future operating cost requirements in instances where cash positions are unable to be maintained or appropriate financing is unavailable.

These factors may impact our ability to raise equity or obtain loans and other credit facilities in the future and on terms favorable to us and our management. If uncertain market conditions persist, our ability to raise capital could be jeopardized, which could have an adverse impact on our operations.

Dividend Risk

The Company has not paid dividends in the past and does not anticipate paying dividends in the near future. We expect to retain our earnings to finance further growth and, when appropriate, retire debt.

Appendix C

H-SOURCE HOLDINGS LTD.

PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS

(IN CANADIAN DOLLARS)

UNAUDITED - PREPARED BY MANAGEMENT

JUNE 30, 2015

H-Source Holdings Ltd.
PRO FORMA CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(IN CANADIAN DOLLARS)

	1018763 B.C. Ltd.	H-Source, Inc.	Note 3	Pro-Forma Adjustments	Pro-Forma Balance
	$	**$**		$	$
ASSETS					
Current assets					
Cash	100,596	106,680	a	8,400	2,204,299
			b	(21,620)	
			d	2,226,721	
			e	(216,478)	
Deferred share issuance costs	-	213,522	d	(213,522)	-
	100,596	320,202			2,204,299
Patents	-	70,926			70,926
Software development costs	-	302,876			302,876
TOTAL ASSETS	100,596	694,004			2,578,101
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities					
Accounts payable and accrued liabilities	5,860	584,937	b	(7,469)	369,805
			d	(213,522)	
Promissory notes payable	-	66,920	b	(66,920)	-
Convertible debentures	-	355,385	b	(6,177)	105,009
			c	(244,199)	
	5,860	1,007,242			474,814
Promissory notes payable – long term portion	-	16,714	b	(16,714)	-
Total liabilities	5,860	1,023,956			474,814
Shareholders' equity					
Share capital (Note 4)	127,500	814,965	a	8,400	3,995,963
			b	82,213	
			c	265,000	
			d	2,226,721	
			g	471,164	
Reserves	-	8,401			8,401
Other comprehensive income	-	(22,126)			(22,126)
Deficit	(32,764)	(1,131,192)	b	(6,552)	(1,878,951)
			c	(20,801)	
			e	(216,478)	
			f	32,764	
			f	(32,764)	
			g	(471,164)	
	94,736	(329,952)			2,103,287
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	100,596	694,004			2,578,101

The accompanying notes are an integral part of the pro forma consolidated balance sheet.

H-Source Holdings Ltd.
PRO FORMA CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED JUNE 30, 2015
(UNAUDITED – PREPARED BY MANAGEMENT)
(IN CANADIAN DOLLARS)

	1018763 B.C. Ltd.	H-Source, Inc.	Note 3	Pro-Forma Adjustments	Pro-Forma Balance
	$	$		$	$
Operating expenses					
General and administration	18,530	380,445	c	20,801	669,018
			e	216,478	
			f	32,764	
Professional fees	2,050	291,983			294,033
Loss from operations	(20,580)	(672,428)			(963,051)
Other expense					
Interest and other finance costs, net	-	205,195	b	6,552	211,747
Transaction expense	-	-	g	471,164	471,164
Net loss	(20,580)	(877,623)			(1,645,962)
Other comprehensive loss					
Exchange differences on translating to presentation currency	-	(22,126)			(22,126)
NET AND COMPREHENSIVE LOSS	(20,580)	(899,749)			(1,668,088)

The accompanying notes are an integral part of the pro forma consolidated income statement.

1. BASIS OF PRESENTATION

The accompanying unaudited pro forma consolidated balance sheet of H-Source Holdings Ltd. ("H-Source Ltd" or the "Resulting Issuer") as at June 30, 2015, has been prepared by management to give effect to the transactions contemplated by the Merger Agreement ("MA") among H-Source, Inc. ("H-Source"),1018763 B.C. Ltd, ("BC Co"), UWO Consulting Ltd. ("UWO") and BC Merger Sub, Inc. ("Merger Co") dated July 21, 2015, that will result in the acquisition of all of the issued and outstanding shares of H-Source by BC Co. The pro forma consolidated financial statements have been compiled from and includes:

a. The unaudited financial statements of H-Source, and BC Co as at June 30, 2015.
b. The additional information set out in Notes 2 and 3.

It is management's opinion that the unaudited pro forma consolidated financial statements presents, in all material respects, the transactions as described in Notes 2 and 3 in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies used in the preparation of the unaudited pro forma consolidated financial statements are consistent with the accounting policies of the H-Source and BC Co. The unaudited pro forma consolidated financial statements is not intended to reflect the financial position of H-Source Ltd, which would have actually resulted had the transactions been effected on the dates indicated. The completion of the MA is subject to a number of conditions and approvals and there can be no assurance the acquisition of BC Co will be completed as proposed or at all.

2. THE PROPOSED TRANSACTIONS

The following are the significant aspects of the proposed transactions pursuant to the MA and subject to the conditions set forth in the MA at the Effective Date:

(i) As consideration for entering into the MA, BC Co shall have issued such number of BC Co Common Shares, at a deemed price of $0.15 per BC Co Common Share, to the Existing H-Source Shareholders on a pro rata basis so that the number of BC Co Common Shares and Common Shares held by the Existing H-Source Shareholders when added together equal the sum of 20,000,000 common shares.

(ii) Each H-Source Share exchanged for one fully paid and non-assessable Resulting Issuer Common Share shall be cancelled;

(iii) Each Merger Co Share issued and outstanding immediately prior to the Effective Date shall be exchanged for one share of common stock of Surviving Co;

(iv) Each Broker Warrant and H-Source Option outstanding immediately prior to the Effective Date shall be exchanged for one Resulting Issuer Option;

(v) All Broker Warrants and H-Source Options exchanged for Resulting Issuer Options shall be cancelled;

(vi) H-Source Bridge Loan outstanding immediately prior to the Effective Date shall be exchanged for the equivalent amount of Resulting Issuer Bridge Loan;

(vii) H-Source Bridge Loan exchanged for the Resulting Issuer Bridge Loan shall be cancelled; and

(viii) Surviving Co shall be a wholly-owned subsidiary of the Resulting Issuer.

The result of the Merger is that of a Reverse Take Over, whereby the shareholders of H-Source will hold 20,000,000 common shares of the Resulting Issuer and the shareholders of BC Co will hold 5,540,549 common shares of the Resulting Issuer, which will change its name to H-Source Holdings Ltd. and will apply to list its shares on the Canadian Stock Exchange.

3. PRO FORMA ASSUMPTIONS AND ADJUSTMENTS

The unaudited pro forma consolidated financial statements includes the following assumptions and adjustments:

a) In advance of the transaction, BC Co issued 280,000 Class A common shares at a price of $0.03 per share for proceeds of $8,400 and 1,010,549 Class A common shares issued to UWO at a nominal value.

b) In advance of the transaction, H-Source issued 99,831 common shares at a price of US$0.667 for cash, debt and services with a value of $82,213.

c) In connection with the transaction, H-Source issued 2,650,000 common shares in settlement of convertible debt of $265,000 at $0.10 per share.

d) In advance of the transaction, H-Source and BC Co completed a non-brokered private placement financing to raise gross proceeds of $2,638,100 through the issuance of 17,587,333 subscription receipts at a price of $0.15 per subscription receipt. Each subscription receipt will automatically convert, without additional consideration, into one common share in the capital of the Merger Co concurrently with the completion of the merger. In connection with the private placement financing, BC Co and H-Source agreed to pay an aggregate finder's fees of $197,857 and issued 1,319,050 warrants (the "Finder Warrants"). Each Finder Warrant is exercisable at $0.15 per Resulting Issuer Share for a period of two years following the date of completion of the Merger. Share issue costs of $213,522 which were deferred at March 31, 2015 will be reallocated to share capital and paid.

e) The Company expects to incur further accounting, legal, filing and sponsor fees of $136,478 in relation to completion of the transaction, including the issuance of 1,000,000 Resulting Issuer Shares.

f) The historical equity accounts of BC Co are eliminated as H-Source is the acquirer for accounting purposes.

g) The acquisition of H-Source by BC Co constitutes a reverse asset acquisition as BC Co does not meet the definition of a business, as defined by IFRS 3, Business Combinations. Accordingly, the acquisition of the net assets and listing status of BC Co is accounted for as a share-based payment as follows::

Cost of acquisition:	
Fair value of shares of BC Co	$ 135,900
Merger transaction costs	430,000
Total	565,900
Allocated as follows:	
Net assets of BC Co	94,736
Listing expense	471,164
	565,900

The fair value was determined based on the expected number of shares outstanding immediately prior to completing the transaction measured at $0.03 per share which was the share price immediately prior to BC Co first announcing its intention to complete the transaction.

Under RTO accounting, the existing share capital and deficit balances of BC Co are eliminated.

4. PRO-FORMA SHARE CAPITAL

Upon completion of the pro forma transactions, the Company's share capital will be as follows:

	Number of Shares	Share Capital	Reserves
		$	$
Outstanding shares of BC Co at June 30, 2015	4,250,001	127,500	-
Issuance of common shares	1,290,549	8,400	-
Outstanding common shares of BC Co immediately prior to the transaction	5,540,550	135,900	-
Amount reversed on completion of RTO	(1)	-	-
Share capital of H-Source	-	897,178	8,401
Concurrent financing	17,587,333	2,226,721	-
H-Source acquisition shares	20,000,000	-	
Transaction expense	-	471,164	-
Shares issuance from the conversion of convertible debenture	2,650,000	265,000	-
Finder's fee shares	1,000,000	-	-
Pro-forma share capital after the RTO	**46,777,882**	**3,995,963**	**8,401**

Appendix D

EXECUTION VERSION

MERGER AGREEMENT AND PLAN OF REORGANIZATION

AMONG

UWO CONSULTING LTD.

and

1018763 B.C. LTD.

and

BC MERGER SUB, INC.

and

H-SOURCE, INC.

July 21, 2015

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EXECUTION VERSION

THIS MERGER AGREEMENT AND PLAN OF REORGANIZATION is made as of July 21, 2015.

AMONG:

UWO CONSULTING LTD., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 605, 815 Hornby Street, Vancouver, British Columbia, Canada, V6Z 2E6

("**BC Co Parent**")

OF THE FIRST PART

AND:

1018763 B.C. LTD., a company incorporated under the laws of the Province of British Columbia, Canada, and having its registered and records office at Suite 605, 815 Hornby Street, Vancouver, British Columbia, Canada, V6Z 2E6

("**BC Co**")

OF THE SECOND PART

AND:

BC MERGER SUB, INC., a corporation incorporated under the laws of the State of Washington, USA, and having its registered and records office at 152 South Jefferson, Suite 100, Spokane, Washington, USA, 99201

("**Merger Co**")

OF THE THIRD PART

AND:

H-SOURCE, INC., a corporation incorporated under the laws of the State of Washington, USA, and having its registered and records office at 152 South Jefferson, Suite 100, Spokane, Washington, USA, 99201

("**Company**")

OF THE FOURTH PART

WHEREAS:

(A) BC Co Parent is a "reporting issuer" (as that term is defined by Applicable Securities Law) in the Provinces of British Columbia and Alberta;

(B) BC Co is a wholly-owned direct subsidiary of BC Co Parent;

(C) Merger Co is a wholly-owned direct subsidiary of BC Co;

(D) BC Co Parent, BC Co, and nine other wholly-owned subsidiaries of BC Co Parent were parties to an arrangement agreement dated November 12, 2014, as amended on November 14, 2014, January 25, 2015, February 16, 2015 and April 13, 2015 (together, the "**Canadian Arrangement Agreement**");

(E) Pursuant to the terms of the Canadian Arrangement Agreement, BC Co Parent anticipates causing BC Co to be spun out to its shareholders in advance of the completion of the Merger (as such term is defined below) in reliance on the prospectus and registration exemptions set forth in section 2.11 of National Instrument 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators ("**NI 45-106**"), and as a result thereof BC Co is expected to become a reporting issuer in the Provinces of British Columbia and Alberta;

(F) It is anticipated that the merger transaction contemplated herein will be structured as a reverse-takeover, specifically, as a triangular merger under the *Washington Business Corporation Act*, Title 23B RCW (the "**WBCA**") among BC Co, Merger Co, and the Company pursuant to which Merger Co will be merged with and into the Company, with the Company as the surviving corporation on terms more particularly set forth herein (the "**Merger**");

(G) The Parties (as such term is defined herein) intend that, for U.S. federal income tax purposes, the Merger will qualify as a "reorganization" within the meaning of Section 368(a) of the Code, that each of the Parties are "parties to a reorganization" within the meaning of Section 368(b) of the Code, and that this Agreement shall constitute a "plan of reorganization" within the meaning of Treasury Regulation Section 1.368-2(g) as provided in §2.13; and

(H) The board of directors of each of BC Co Parent, BC Co, the Company, and Merger Co have unanimously determined that the Merger is in the best interest of their respective shareholders, and have resolved to support the Merger and to enter into this Agreement;

NOW THEREFORE, in consideration of the mutual covenants and agreements herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties covenant and agree as follows:

PART 1
DEFINITIONS AND INTERPRETATION

1.1 **Definitions.**

For the purposes of this Agreement, except as otherwise expressly provided herein, the following words and phrases will have the following meanings:

(a) "**Acquisition**" means the reverse-takeover of BC Co by the Company effected through the Merger;

(b) "**Affiliate**" has the meaning specified in the BCBCA;

(c) "**Agency Agreement**" means the agency agreement dated March 24, 2015 among the Company, BC Co and the Agent in respect of the Private Placement;

(d) "**Agent**" means BayFront Capital Partners, Ltd.;

(e) "**Agreement**" means this Agreement and the Schedules attached hereto;

(f) "**Agreement Date**" means the date of this Agreement;

(g) "**Applicable Securities Law**" means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

(h) "**Applicable Washington State Law**" means the WBCA;

(i) "**Assets**" means the property and assets of the Company, of every kind and description and wheresoever situated;

(j) "**BCBCA**" means the *Business Corporations Act* (British Columbia);

(k) "**BC Co**" has the meaning given to the term on page one hereof;

(l) "**BC Co Assets**" means the property and assets of BC Co, of every kind and description and wheresoever situated;

(m) "**BC Co Common Shares**" means the Class A common shares in the capital of BC Co;

(n) "**BC Co Finder's Fee**" means a total of 1,000,000 Resulting Issuer Shares, allocated 500,000 Resulting Issuer Shares to Sequoia Partners Inc. and 500,000 Resulting Issuer Shares to LED Capital Ltd. (formerly known as Kyletje Holdings Ltd.), issuable pursuant to a finder's fee agreement dated March 23, 2015, among BC Co, Sequoia Partners Inc., and Kyletje Holdings Ltd.;

(o) "**BC Co Parent**" has the meaning given to the term on page one hereof;

(p) "**BC Co Shareholder Consent Materials**" means the resolutions circulated to BC Co Shareholders for unanimous approval, or alternatively such materials approved at a meeting of BC Co Shareholders held in accordance the requirements of the BCBCA should unanimous approval not be obtained, with respect to:

(i) the appointment of auditors for BC Co following the Closing,

(ii) the election of directors of BC Co following the Closing, and

(iii) the adoption of the Stock Option Plan to be effective following the Closing;

(q) "**BC Co Shareholders**" means the holders of BC Co Common Shares;

(r) "**BC Co's Closing Documents**" means the documents required to be delivered to the Company by BC Co pursuant to §9.3 hereof;

(s) "**BC Co's Financial Statements**" means the audited financial statements of BC Co for the period from November 11, 2014 (date of incorporation) to December 31, 2014, prepared in accordance with IFRS and the unaudited financial statements of BC Co for the three-month period ended March 31, 2015, prepared in accordance with IFRS;

(t) "**Board of Directors**" means the board of directors of the Company;

(u) "**Business Day**" means any day, other than a Saturday, Sunday or statutory holiday in the Province of British Columbia, Canada or the State of Washington, USA;

(v) "**Broker Warrants**" means the 1,531,050 non-transferable common share purchase warrants of the Company issued to the Agent, or members of the Agent's selling group, in connection with the Company Bridge Loan and the Private Placement, with each Broker Warrant entitling the Agent, or member of the Agent's selling group as the case may be, to acquire one (1) Company Share or one Resulting Issuer Common Share (an "**Broker Warrant Share**"), as applicable, at an exercise price equal to $0.15 per Broker Warrant Share for a period of expiring on (i) March 31, 2017, in the case of Broker Warrants issued in connection with the Company Bridge Loan and (ii) the date that is 24 months from the Closing Date, in the case of the Broker Warrants issued in connection with the Private Placement;

(w) "**Canadian Arrangement Agreement**" has the meaning given to the term in Recital (D) hereof;

(x) "**Certificate of Merger**" means the certificate of merger issued under the WBCA in connection with the completion of the Merger;

(y) "**Closing**" means the completion of the transactions contemplated herein;

(z) "**Closing Date**" means the Business Day on which all conditions set forth in Part 9 (other than those conditions that by their nature are to be satisfied or waived at the

Closing, but subject to the satisfaction or waiver of those conditions) are satisfied or waived or such other Business Day as the Parties may agree to in writing;

(aa) "**Code**" means the United States Internal Revenue Code of 1986, as amended;

(bb) "**Company**" has the meaning given to the term on page one hereof;

(cc) "**Company Advisory Fee**" means a cash fee of $131,095 along with the issuance of 150,000 Company Shares, pursuant to an amended and restated advisory agreement dated July 14, 2015, between EINRA Capital Corporation and the Company;

(dd) "**Company Bridge Loan**" means the 10% unsecured convertible debentures of the Company in the aggregate amount of $265,000, due November 13, 2015 and convertible at any time before maturity at the option of the holder, into Company Shares at a conversion price of $0.10 per Company Share;

(ee) "**Company Consulting Services Agreement**" means the consulting services agreement between the Company and Sequoia Partners Inc. dated March 3, 2015, pursuant to which the Company will, subject to the terms of the Company Consulting Services Agreement, pay to Sequoia Partners Inc. a monthly consulting fee of $6,500 and grant to Sequoia Company Options as more particularly described on Schedule "A" hereto;

(ff) "**Company's Financial Statements**" means the audited financial statements of the Company for the period from May 27, 2014 (date of incorporation) to December 31, 2014, prepared in accordance with IFRS and the unaudited financial statements of the Company for the three-month period ended March 31, 2015, prepared in accordance with IFRS;

(gg) "**Company Approval**" means the approval of the Merger, and such other ancillary matters related thereto, by the requisite number of Company Stockholders in accordance with Applicable Washington State Law;

(hh) "**Company's Intellectual Property**" means the Intellectual Property owned, used by or licensed to the Company for the carrying on of the Company's business in the manner heretofore carried on or as now proposed to be carried on in the Company's written business documents;

(ii) "**Company Options**" means the common share purchase options of the Company to be issued by the Company prior to Closing as such options are more particularly described in Schedule "A" hereto;

(jj) "**Company-Owned Intellectual Property**" has the meaning given to the term in §4.1(b);

(kk) "**Company Shares**" means the shares of common stock of the Company;

(ll) "**Company Stockholders**" means holders of the Company Shares;

(mm) "**Company Stockholders Meeting**" has the meaning set forth in §2.4(a);

(nn) "**Contract**" means, with respect to a Person, any contract, instrument, permit, concession, licence, loan or credit agreement, note, bond, mortgage, indenture, lease or other agreement, partnership or joint venture agreement or other legally binding agreement, arrangement or understanding, whether written or oral, to which the Person is a party or by which, to the knowledge of such Person, the Person or its property and assets is bound or affected;

(oo) "**Confidential Information**" means any information concerning the Company or BC Co (the "**Disclosing Party**") or its business, properties and assets made available to the other party or its representatives (the "**Receiving Party**"); provided that it does not include information which (i) is generally available to or known by the public other than as a result of improper disclosure by the Receiving Party or pursuant to a breach of §11.1 by the Receiving Party, or (ii) is obtained by the Receiving Party from a source other than the Disclosing Party, provided that (to the reasonable knowledge of the Receiving Party) such source was not bound by a duty of confidentiality to the Disclosing Party or another party with respect to such information;

(pp) "**CSE**" means the Canadian Securities Exchange, operated by the CNSX Markets Inc.;

(qq) "**Disclosure Documents**" means (i) the Listing Statement and (ii) the Prospectus;

(rr) "**Dissenting Shares**" means any shares of the Company Shares that are outstanding immediately prior to the Effective Date with respect to which dissenters' rights to obtain payment for such dissenting shares in accordance with Applicable Washington State Law have been duly and properly exercised and perfected in connection with the Merger;

(ss) "**Effective Date**" means the effective date of the Merger, which shall be the date of filing of the Articles of Merger with the Secretary of State of Washington;

(tt) "**Employee**" means an officer or employee of the Company or a Person providing services in the nature of an employee to the Company;

(uu) "**Escrow Release Conditions**" has the meaning given to the term in the Agency Agreement;

(vv) "**Escrowed Funds**" has the meaning given to the term in the Agency Agreement;

(ww) "**Existing Company Shareholders**" means the shareholders of the Company as of the Closing Date which will include the shareholders of the Company as of the date of this Agreement as listed on Schedule "B" hereto, but shall not include the option holders listed on Schedule "A";

(xx) "**Final Prospectus**" means the (final) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal

Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE;

(yy) "**Final Receipt**" means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia;

(zz) "**Government Agency**" means and includes, without limitation, any national, federal government, province, state, municipality or other political subdivision of any of the foregoing, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government and any corporation or other entity owned or controlled (through stock or capital ownership or otherwise) by any of the foregoing, including the CSE;

(aaa) "**Government Official**" means (a) any official, officer, employee, or representative of, or any person acting in an official capacity for or on behalf of, any Government Agency or (b) any company, business, enterprise or other entity owned or controlled by any person described in the foregoing clauses;

(bbb) "**IFRS**" means International Financial Reporting Standards;

(ccc) "**Intellectual Property**" means registered and unregistered trade-marks and trade-mark applications, trade names, certification marks, distinguishing guises, patents and patent applications, registered and unregistered works subject to copyright, know-how, formulae, processes, inventions, technical expertise, research data, trade secrets, industrial designs and industrial design applications, customer lists and other similar property, and all registrations and applications for registration thereof, each of the foregoing as defined under the applicable Laws;

(ddd) "**Laws**" means all laws, statutes, by-laws, rules, regulations, orders, decrees, ordinances, protocols, codes, guidelines, policies, notices, directions and judgments or other requirements of any Government Agency applicable to the Company or BC Co;

(eee) "**Leased Premises**" means has the meaning given to the term in §4.1(q);

(fff) "**Lien**" means any mortgage, encumbrance, charge, pledge, hypothecation, security interest, assignment, lien (statutory or otherwise), charge, title retention agreement or arrangement, restrictive covenant or other encumbrance of any nature or any other arrangement or condition, which, in substance, secures payment, or performance of an obligation;

(ggg) "**Listing Statement**" means the listing statement of BC Co pertaining to the Acquisition and in the form prescribed by the CSE;

(hhh) "**Materially Adverse**" when used in respect of a fact, circumstance, change, effect, occurrence, event or term means a fact, circumstance, change, effect, occurrence, event or term that (a) materially and adversely affects, or would reasonably be expected to materially and adversely affect, the business, assets, liabilities, condition (financial or

otherwise) or capital of the Company, or (b) prevents, or would reasonably be expected to prevent, the Company from performing its obligations under this Agreement or consummating the transactions contemplated herein; provided, however, that it will not include: (i) any fact, circumstance, event, change, effect, occurrence, event or term relating to the global economy or securities markets in general; or (ii) any fact, circumstance, event, change, effect, occurrence or event affecting the industry in which the Company operates in general and which, in each case, does not have a materially disproportionate effect on the Company relative to comparable entities operating in the industry in which the Company conducts its business;

(iii) "**Material Adverse Change**" or "**Material Adverse Effect**" with respect to BC Co or the Company, as the case may be, means any change (including a decision to implement such a change made by the board of directors or by senior management who believe that confirmation of the decision by the board of directors is probable), event, violation, inaccuracy, circumstance or effect that is Materially Adverse to the business, assets (including intangible assets), liabilities, capitalization, ownership, financial condition or results of operations of BC Co or the Company, as the case may be, on a consolidated basis;

(jjj) "**Merger**" has the meaning given to the term in Recital (F);

(kkk) "**Merging Companies**" means the Company and Merger Co;

(lll) "**Merger Co**" means BC Merger Sub, Inc., a direct, wholly-owned subsidiary of BC Co incorporated under the WBCA on June 29, 2015 for the sole purpose of effecting the Merger in connection with the Acquisition;

(mmm)"**Merger Co Shares**" means all of the outstanding shares of common stock of Merger Co;

(nnn) "**Name Change**" means a change of the name of BC Co from "1018763 B.C. Ltd." to "H-Source International Ltd." or such other name acceptable to the Company;

(ooo) "**Net Proceeds**" has the meaning given to the term in the Agency Agreement;

(ppp) "**NI 41-101**" means National Instrument 41-101 – *General Prospectus Requirements*, of the Canadian Securities Administrators;

(qqq) "**NI 45-106**" has the meaning given to the term in Recital (E);

(rrr) "**Party**" means each of BC Co Parent, BC Co, Merger Co and the Company, as the context dictates and "**Parties**" means BC Co Parent, BC Co, Merger Co and the Company;

(sss) "**Person**" includes an individual, corporation, partnership, joint venture, trust, unincorporated organization, or Government Agency;

(ttt) "**Preliminary Prospectus**" means the (preliminary) non-offering prospectus of BC Co, prepared in accordance with NI 41-101, relating to the Acquisition and filed with the Principal Regulator solely for the purpose of complying with Notice 2015-003 Regulatory Guidance on Plans of Arrangement and Capital Structure, published by the CSE;

(uuu) "**Preliminary Receipt**" means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Preliminary Prospectus in British Columbia;

(vvv) "**Principal Regulator**" means the British Columbia Securities Commission;

(www) "**Prospectus**" means, collectively, the Preliminary Prospectus and the Final Prospectus (including any Supplementary Material thereto);

(xxx) "**Private Placement**" means the issuance of 17,587,333 Subscription Receipts completed in three tranches on March 24, 2015, April 2, 2015, and July 20, 2015, by way of a private placement by the Company at a price of $0.15 per Subscription Receipt for aggregate gross proceeds to the Company of $2,638,099.95;

(yyy) "**Private Placement Stockholders**" means the holders of Company Shares that acquired their Company Shares pursuant to the Private Placement;

(zzz) "**Regulation D**" means Regulation D promulgated under the U.S. Securities Act;

(aaaa) "**Regulation S**" means Regulation S promulgated under the U.S. Securities Act;

(bbbb) "**reporting issuer**" has the meaning given to the term in Recital (A) hereof;

(cccc) "**Resulting Issuer**" has the meaning given to the term in §2.8 hereof;

(dddd) "**Resulting Issuer Bridge Loan**" means the 10% unsecured convertible debenture of the Resulting Issuer issued to replace the Bridge Loan then outstanding, all on the same economic value and conversion right as the Company Bridge Loan;

(eeee) "**Resulting Issuer Common Shares**" means the Class A common shares in the capital of the Resulting Issuer;

(ffff) "**Resulting Issuer Options**" means the Class A common share purchase options of the Resulting Issuer for which Broker Warrants and Company Options shall be exchanged as provided in §2.6 hereof, with each such Resulting Issuer Option having the same economic value as a Broker Warrant or Company Option, as the case may be;

(gggg) "**SEDAR**" means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators;

(hhhh) "**Supplementary Material**" means, collectively, any amendment to the Preliminary Prospectus or the Final Prospectus, and any amendment or supplemental

prospectus or ancillary materials that may be filed by or on behalf of BC Co under Applicable Securities Law relating to the Acquisition;

(iiii) "**Stock Option Plan**" means the stock option incentive plan to be adopted by BC Co, pursuant to the BC Co Shareholder Consent Materials;

(jjjj) "**Surviving Co**" means the Company, which shall be the surviving corporation of the Merger of Merger Co with and into the Company pursuant to the Merger;

(kkkk) "**Subscription Receipts**" means the subscription receipts of the Company issued under the Private Placement, each automatically convertible into one (1) Company Share for no additional consideration upon satisfaction of the Escrow Release Conditions;

(llll) "**Taxes**" means all taxes (including income tax, capital tax, payroll taxes, employer health tax, workers' compensation payments, property taxes and land transfer taxes), duties, royalties, levies, imposts, assessments, deductions, charges or withholdings and all liabilities with respect thereto including any penalty and interest payable with respect thereto;

(mmmm) "**Termination Date**" has the meaning given to the term in §10.1;

(nnnn) "**Treasury Regulations**" means the Treasury regulations promulgated under the Code, as such Treasury Regulations may be amended from time to time;

(oooo) "**U.S. Person**" means a "U.S. person" as such term is defined in Rule 902 of Regulation S;

(pppp) "**U.S. Securities Act**" means the *United States Securities Act of 1933*, as amended, and the rules and regulations promulgated thereunder;

(qqqq) "**USA**", "**United States**", or "**U.S.**" means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia; and

(rrrr) "**WBCA**" has the meaning given to the term in Recital (F).

1.2 **Interpretation.**

For the purposes of this Agreement, except as otherwise expressly provided herein:

(a) the words "**herein**", "**hereof**", and "**hereunder**" and other words of similar import refer to this Agreement as a whole and not to any particular Part, clause, subclause or other subdivision or Schedule;

(b) a reference to a Part means a Part of this Agreement and the symbol § followed by a number or some combination of numbers and letters refers to the section, paragraph or subparagraph of this Agreement so designated;

(c) the headings are for convenience only, do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement or any of its provisions;

(d) the word "**including**", when following a general statement, term or matter, is not to be construed as limiting such general statement, term or matter to the specific items or matters set forth or to similar items or matters (whether or not qualified by non-limiting language such as "without limitation" or "but not limited to" or words of similar import) but rather as permitting the general statement or term to refer to all other items or matters that could reasonably fall within its possible scope;

(e) where the phrase "**to the knowledge of**" or phrases of similar import are used in respect of the Parties, it will be a requirement that the Party in respect of who the phrase is used will have made such due inquiries as is reasonably necessary to enable such Party to make the statement or disclosure; and

(f) unless there is something in the subject matter or context inconsistent therewith:

(i) words in the singular number include the plural and such words shall be construed as if the plural had been used;

(ii) words in the plural include the singular and such words shall be construed as if the singular had been used; and

(iii) words importing the use of any gender shall include all genders where the context or the Party referred to so requires, and the rest of the sentence shall be construed as if the necessary grammatical and terminological changes had been made.

PART 2
TRANSACTION

2.1 **Agreement to Merge.**

Upon the terms and subject to the conditions contained in this Agreement, the Parties hereby agree that Merger Co shall merge with and into the Company at Closing and the Company shall survive the merger and shall be Surviving Co. BC Co shall, in its capacity as the sole stockholder of Merger Co, approve the Merger as soon as reasonably practicable with the intent that the same shall be completed on or before September 11, 2015.

2.2 **Disclosure Documents.**

(i) Promptly after the execution of this Agreement, the Company and BC Co jointly shall prepare and complete the Listing Statement together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after

obtaining the approval of the CSE as to the final Listing Statement file such final Listing Statement on SEDAR.

(ii) Promptly after the execution of this Agreement and in accordance with §2.3, the Company and BC Co jointly shall prepare and complete the Preliminary Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after obtaining the Preliminary Receipt from the Principal Regulator file the Preliminary Prospectus on SEDAR.

(iii) Promptly after the execution of this Agreement and in accordance with §2.3, the Company and BC Co jointly shall prepare and complete the Final Prospectus together with any other documents required by the BCBCA, Applicable Securities Law and other applicable Laws and the rules and policies of the CSE in connection with the Acquisition, and BC Co shall, as promptly as reasonably practicable after obtaining the Final Receipt from the Principal Regulator file the Final Prospectus on SEDAR.

(iv) BC Co represents and warrants that the Disclosure Documents will comply in all material respects with all applicable Laws (including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that BC Co shall not be responsible for the accuracy of any information relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents).

(v) The Company represents and warrants that any information or disclosure relating to the Company or the Resulting Issuer that is furnished in writing by the Company for inclusion in the Disclosure Documents will comply in all material respects with all applicable Laws (including Applicable Securities Law), and, without limiting the generality of the foregoing, that the Disclosure Documents shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made (provided that the Company shall not be responsible for the accuracy of any information relating to BC Co or the Resulting Issuer that is furnished in writing by BC Co for inclusion in the Disclosure Documents).

(vi) The Company, BC Co and their respective legal counsel shall be given a reasonable opportunity to review and comment on drafts of the Disclosure Documents and other documents related thereto, and reasonable consideration shall be given to any comments made by the Company, BC Co and their respective counsel, provided that all information relating solely to BC Co included in the Disclosure Documents shall be in form and content satisfactory to

BC Co, acting reasonably, and all information relating solely to the Company included in the Disclosure Documents shall be in form and content satisfactory to the Company, acting reasonably.

(vii) BC Co and the Company shall promptly notify each other if at any time before the date of filing in respect of the Disclosure Documents, either party becomes aware that the Disclosure Documents contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements contained therein not misleading in light of the circumstances in which they are made, or that otherwise requires an amendment or supplement to the Disclosure Documents and the Parties shall cooperate in the preparation of any amendment or supplement to such documents, as the case may be, as required or appropriate.

(viii) BC Co represents, warrants, covenants and agrees with the Company that:

(A) the BC Co Shareholder Consent Materials will comply with BC Co's constating documents and applicable Laws;

(B) prior to the Closing, BC Co will effect the Name Change, subject to obtaining the requisite shareholder approval and the prior written consent of the Company;

(C) except for non-substantive communications, BC Co will furnish promptly to the Company a copy of each notice, report, schedule or other document delivered, filed or received by it in connection with: (i) the Merger; (ii) any filings under Applicable Securities Law; and (iii) any dealings with regulatory agencies in connection with the transactions contemplated herein; and

(D) BC Co will immediately notify the Company of any legal or governmental action, suit, judgment, investigation, injunction, complaint, action, suit, motion, judgment, regulatory investigation, regulatory proceeding or similar proceeding by any Person, Government Agency or other regulatory body, whether actual or threatened, with respect to the Acquisition or which could otherwise delay or impede the transactions contemplated hereby.

2.3 **Pre-Merger Events.**

Upon the terms and subject to the conditions set forth in this Agreement, prior to the Effective Date, and in the following sequence of events:

(i) BC Co shall seek and obtain approval for the BC Co Shareholder Consent Materials;

(ii) BC Co shall file the Preliminary Prospectus with the Principal Regulator;

(iii) BC Co Parent shall complete the spin-out of BC Co to its shareholders in reliance on the prospectus and registration exemptions set forth in section 2.11 of NI 45-106, and as a result thereof BC Co will be a reporting issuer in the Provinces of British Columbia and Alberta;

(iv) concurrent with filing the Preliminary Prospectus with the Principal Regulator, BC Co shall file the necessary documents with the CSE to receive CSE conditional approval for the listing of the Resulting Issuer on the CSE and BC Co shall provide a copy of such conditional approval to the Company promptly upon receipt of the same;

(v) upon receiving the Preliminary Receipt from the Principal Regulator, BC Co shall promptly file the Preliminary Prospectus and the Preliminary Receipt on SEDAR;

(vi) BC Co shall promptly file the Final Prospectus with the Principal Regulator;

(vii) upon receiving the Final Receipt from the Principal Regulator, BC Co shall promptly file the Final Prospectus and the Final Receipt on SEDAR; and

(viii) concurrent with filing the Final Prospectus with the Principal Regulator, BC Co shall file the necessary documents with the CSE to receive CSE final approval for the listing of the Resulting Issuer on the CSE and BC Co shall provide a copy of such final approval to the Company promptly upon receipt of the same.

2.4 **Approval of the Company Stockholders.**

(a) Promptly after the Agreement Date, the Company will take all action necessary in accordance with Applicable Washington State Law and its Articles of Incorporation and Bylaws to call, provide notice for, convene, hold and conduct a meeting of the Company Stockholders (the "**Company Stockholders Meeting**") to be held as soon as practicable for the purpose of voting upon approval and adoption of this Agreement and approval of the Merger.

(b) The Board of Directors will recommend that the Company Stockholders vote in favor of and approve and adopt this Agreement and approve the Merger at the Company Stockholders Meeting.

(c) The Company will solicit from the Company Stockholders proxies in favor of the approval and adoption of this Agreement and approval of the Merger, and will use its best reasonable efforts to take all other action necessary or advisable to secure the vote or consent of the Company Stockholders required by Applicable Washington State Law and its Articles of Incorporation and Bylaws to obtain such approvals.

2.5 **Dissenting Shares.**

Holders of Dissenting Shares (if any) will be entitled to appraisal rights under RCW 23B.13, et seq. of the WBCA with respect to such Dissenting Shares, and such Dissenting Shares will not be converted in accordance with §2.6 unless and until the holder of such Dissenting Shares shall have failed to perfect or shall have effectively withdrawn or lost such holder's right to dissent from the Merger as provided under Applicable Washington State Law, and shall be entitled to receive only the payment provided for by RCW 23B.13.250 with respect to such Dissenting Shares. Company Shares that are outstanding immediately prior to the Effective Date with respect to which dissenting stockholders' rights of appraisal under the Applicable Washington State Law have either (i) not been properly exercised and perfected or (ii) with the consent of Company and BC Co, been withdrawn, will, when such dissenting stockholders' rights can no longer be legally exercised under Applicable Washington State Law, be converted in accordance with §2.6 herein.

2.6 **Merger Events.**

Upon the terms and subject to the conditions set forth in this Agreement, at the Effective Date:

(i) each Company Share issued and outstanding immediately prior to the Effective Date shall be exchanged by each holder thereof for one (1) fully paid and non-assessable Resulting Issuer Common Share (subject to the provisions of §2.5 regarding rights of holders of Dissenting Shares and §8.2(vi) with respect to the issuance of 20,000,000 BC Co Common Shares to the Existing Company Shareholders);

(ii) each Company Share exchanged for one (1) fully paid and non-assessable Resulting Issuer Common Share in accordance with §2.6(i) shall be cancelled;

(iii) each Merger Co Share issued and outstanding immediately prior to the Effective Date shall be exchanged for one (1) share of common stock of Surviving Co;

(iv) each Broker Warrant and Company Option outstanding immediately prior to the Effective Date shall be exchanged for one (1) Resulting Issuer Option;

(v) all Broker Warrants and Company Options exchanged for Resulting Issuer Options in accordance with §2.6(iv) shall be cancelled;

(vi) the Company Bridge Loan outstanding immediately prior to the Effective Date shall be exchanged for the equivalent amount of Resulting Issuer Bridge Loan;

(vii) the Company Bridge Loan exchanged for the Resulting Issuer Bridge Loan in accordance with §2.6(vi) shall be cancelled; and

(viii) Surviving Co shall be a wholly-owned subsidiary of the Resulting Issuer.

2.7 **Share Certificates.**

On the Effective Date:

(i) the original stock certificate of Merger Co registered in the name of BC Co shall be cancelled and BC Co shall be issued a stock certificate for the same number of shares of Surviving Co common stock to be issued to BC Co as provided in §2.6(iii);

(ii) certificates or other evidence representing the Company Shares, Broker Warrants and Company Options shall cease to represent any claim upon or interest in the Company other than the right of the holder to receive, pursuant to the terms hereof, Resulting Issuer Common Shares and Resulting Issuer Options in accordance with §2.6; and

(iii) upon the delivery and surrender by the holder thereof to the Resulting Issuer of certificates representing Company Shares, Company Options and Broker Warrants, which have been exchanged for Resulting Issuer Common Shares and Resulting Issuer Options in accordance with the provisions of §2.6 (subject to the provisions of §2.4 regarding rights of holders of Dissenting Shares), the Resulting Issuer shall on the Effective Date, or as soon as practicable thereafter, following the date of receipt by the Resulting Issuer of the certificates referred to above, deliver to each such holder certificates representing the number of Resulting Issuer Common Shares and the number of Resulting Issuer Options to which such holder is entitled or other evidence of ownership.

2.8 **Resulting Issuer.**

Subject to the approval of the holders of BC Co Common Shares, BC Co, upon completion of the Merger is to be known as "H-Source International Ltd." (the "**Resulting Issuer**"), shall initially have a minimum of three (3) and a maximum of five (5) directors and the following shall be the directors and officers of the Resulting Issuer:

Directors

John T. Kupice
Murray Walden
Ronald P. Overstreet, Jr.

Officers

Name	Title
John T. Kupice	Chief Executive Officer
Murray Walden	President
Denise Lok	Chief Financial Officer

2.9 **Merged Corporation.**

Unless otherwise determined in accordance with Applicable Washington State Law by Surviving Co or its stockholders, the following provisions will apply:

(i) **Number of Directors**. The board of directors of Surviving Co shall consist of a minimum of three (3) directors and a maximum of five (5) directors.

(ii) **Officers and Directors**. As of the Effective Date, the initial directors of Surviving Co shall be the same as the Resulting Issuer as set forth in §2.8 As of the Effective Date, the initial officers of Surviving Co and their titles shall be the same as the Resulting Issuer as set forth in §2.8.

(iii) **Fiscal Year**. The fiscal year end of Surviving Co shall be December 31 in each year, unless and until changed by resolution of the board of directors of Surviving Co.

(iv) **Name**. The name of Surviving Co shall be "H-Source, Inc.," or such other name as agreed to by the Parties.

(v) **Registered Office**. The registered office of Surviving Co shall be the registered office of the Company.

(vi) **Authorized Capital**. The authorized capital of Surviving Co shall be the authorized capital of the Company as provided in its Articles of Incorporation with any amendments thereto as may be necessary to give effect to this Agreement.

(vii) **Articles of Incorporation and Bylaws**. The Articles of Incorporation and the Bylaws of Surviving Co shall be the Articles of Incorporation and Bylaws of the Company with any amendments thereto as may be necessary to give effect to this Agreement.

(viii) **Business and Powers**. Except as otherwise prohibited by applicable Laws, there shall be no restriction on the business that Surviving Co may carry on or on the powers that Surviving Co may exercise.

2.10 **Fractional Shares.**

No fractional Resulting Issuer Common Shares will be issued or delivered pursuant to the Merger. Any fractional share will be rounded down to the next lowest number and no consideration will be paid in lieu thereof. In calculating such fractional interests, all securities of the Resulting Issuer registered in the name of, or beneficially held, by a securityholder or their nominee shall be aggregated.

2.11 **Effect of Merger.**

At the Effective Date:

(i) Merger Co shall merge with and into the Company under the WBCA with the Company continuing as the surviving company subsequent to the Merger in accordance with the terms and conditions prescribed in this Agreement;

(ii) all of the property, assets, rights and privileges of Merger Co shall become the property, assets, rights and privileges of the Company, and all of the liabilities and obligations of Merger Co shall become the liabilities and obligations of the Company, which will thereafter be referred to as Surviving Co;

(iii) the Articles of Incorporation and the Bylaws of Surviving Co shall be the Articles of Incorporation and the Bylaws of the Company with any amendments thereto as may be necessary to give effect to this Agreement; and

(iv) the officers and directors of Surviving Co shall be those individuals described in §2.9(ii).

2.12 **Filing of Certificate of Merger.**

Following the approval of the stockholders of the Merging Companies to the Merger and subject to the satisfaction or waiver of all of the conditions precedent set forth herein, the Company and Merger Co shall file the Certificate of Merger and such other documents as required under the Applicable Washington State Law to effect the Merger pursuant to Applicable Washington State Law.

2.13 **U.S. Tax Treatment.**

For U.S. federal income tax purposes, this Agreement is intended to constitute, and the Parties hereby adopt this Agreement as, a "plan of reorganization" within the meaning of Treasury Regulations Sections 1.368-2(g) and 1.368-3(a). Each Party agrees that, for U.S. federal income tax purposes, (a) it shall treat the Merger as a tax-free reorganization within the meaning of Section 368(a) of the Code; (b) that it shall report the Merger as a "reorganization" within the meaning of Section 368(a) of the Code and, unless otherwise required as a result of subsequent audit, it shall not take any tax reporting position inconsistent with such treatment for U.S. federal, state and other relevant tax purposes; (c) the Company, BC Co and Merger Co are "parties to a reorganization" within the meaning of Section 368(b) of the Code; (d) it shall retain such records and file such information as is required to be retained and filed pursuant to Treasury Regulation 1.368(a)-3 in connection with the Merger; and (e) it shall otherwise use its best efforts to cause the Merger to qualify as a "reorganization" within the meaning of Section 368(a) of the Code. In connection with the Merger and at all times from and after the Effective Date, the Parties agree to treat BC Co as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. No Party shall take any action, fail to take any action, cause any action to be taken or cause any action to fail to be taken that could reasonably be expected to prevent (1) the Merger from qualifying as a "reorganization" within the meaning of Section 368(a) of the Code, or (2) BC Co from being treated as a United States domestic corporation for U.S. federal income tax purposes pursuant to Section 7874(b) of the Code. Each Party hereto agrees to act in good faith, consistent with the intent of the Parties and the intended U.S. federal income tax treatment of the Merger as set forth in this §2.13.

PART 3
REPRESENTATIONS AND WARRANTIES OF BC CO

3.1 **Representations and Warranties of BC Co.**

As of the Agreement Date, BC Co represents and warrants to and in favour of the Company as follows, and acknowledges that the Company is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) *Organization, Standing, Corporate Power, Authority and Non-Contravention.*

(i) Each of BC Co and Merger Co is a corporation incorporated and validly existing under the laws of the jurisdiction of its incorporation. In each case, each such entity has all requisite corporate power and authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate the BC Co Assets, and neither BC Co nor, to the knowledge of BC Co, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of BC Co or Merger Co, and BC Co and Merger Co have all requisite corporate power and authority to enter into this Agreement and to carry out their obligations hereunder;

(ii) The authorized capital of BC Co consists of an unlimited number of BC Co Common Shares, of which 4,530,001 BC Co Common Shares are issued and outstanding as fully paid and non-assessable shares in the capital of BC Co;

(iii) Other than Merger Co, BC Co has no direct or indirect subsidiaries nor any investment in any Person or any agreement, option or commitment to acquire any such investment. All of the issued and outstanding securities of Merger Co are held by BC Co;

(iv) Prior to filing the Final Prospectus with the Principal Regulator BC Co will be a "reporting issuer" as that term is defined under Applicable Securities Law in the Provinces of British Columbia and Alberta and will not be in default of the requirements of the Applicable Securities Law in such jurisdictions;

(v) BC Co will file the Disclosure Documents along with all other forms, reports, documents and information required to be filed by it, whether pursuant to Applicable Securities Law or otherwise, with the applicable securities commissions and BC Co does not have any confidential filings with any securities authorities. As of the time the Disclosure Documents are filed with the applicable securities regulators and on SEDAR (or, if amended or superseded by a filing prior to the date of this Agreement, then on the date of such filing): (i) each of the Disclosure Documents will comply in all material respects with the requirements of the Applicable Securities Law in the jurisdictions they were filed; and (ii) none of the Disclosure Documents will contain any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in

order to make the statements therein, in light of the circumstances under which they were made, not misleading;

(vi) BC Co has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of non-compliance, and, to the knowledge of BC Co, there are no facts that would give rise to a notice of noncompliance with any such laws and regulations;

(vii) No consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to BC Co in connection with the execution and delivery of this Agreement by BC Co, the performance of its obligations hereunder or the consummation by BC Co of the transactions contemplated hereby other than: (i) the approval of the Listing Statement and the Merger by the CSE; (ii) the issuance of the Preliminary Receipt and the Final Receipt from the Principal Regulator, (iii) the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co, (iv) any other consent, approval, order, authorization, registration, declaration, or filing as contemplated by this Agreement, and (v) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on BC Co or prevent or materially impair BC Co's ability to perform its obligations hereunder;

(viii) Each of the execution and delivery of this Agreement, the performance by each of BC Co and Merger Co of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger and the issue of the Resulting Issuer Common Shares and Resulting Issuer Options upon the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both of (i) any statute, rule or regulation applicable to BC Co or Merger Co, including Applicable Securities Law; (ii) the constating documents, articles/bylaws or resolutions of BC Co or Merger Co, (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which BC Co or Merger Co is a party or by which it is bound; or (iv) any judgment, decree or order binding BC Co or Merger Co or their respective assets;

(ix) This Agreement has been duly authorized and executed by BC Co and Merger Co and constitutes a valid and binding obligation of each of them and shall be enforceable against each of them in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principals when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law;

(x) Other than this Agreement and the Canadian Arrangement Agreement, BC Co is not currently party to any agreement in respect of: (i) the purchase of any property or assets or any interest therein or the sale, transfer or other disposition of any property or assets or any interest therein currently owned, directly or indirectly, by BC Co whether by asset sale, transfer of shares or otherwise; or (ii) the change of control of BC Co (whether by sale or transfer of shares or sale of all or substantially all of the BC Co Assets or otherwise);

(xi) BC Co is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound; and

(xii) The corporate minute books of BC Co contain minutes of all material meetings and resolutions of the directors and shareholders held, and full access thereto has been provided to the Company and its counsel.

(b) *Financial Statements and Taxes.*

(i) BC Co's Financial Statements have, in each case, been prepared in accordance with IFRS consistently applied throughout the periods referred to therein and present fairly, in all material respects, the financial position (including the assets and liabilities, whether absolute, contingent or otherwise as required by IFRS) of BC Co as at such dates and the results of its operations and its cash flows for the periods then ended and contain and reflect adequate provisions or allowance for all reasonably anticipated liabilities, expenses and losses of BC Co in accordance with IFRS and there has been no change in accounting policies or practices of BC Co since December 31, 2014;

(ii) BC Co is a taxable Canadian corporation for Canadian tax purposes and all Taxes due and payable or required to be collected or withheld and remitted, by BC Co and its subsidiary have been paid, collected or withheld and remitted as applicable (except where failure to do so would not be Materially Adverse). All tax returns, declarations, remittances and filings required to be filed by BC Co and its subsidiary have been filed with all appropriate Government Agencies and all such returns, declarations, remittances and filings are complete and accurate and no material fact or facts have been omitted therefrom which would make any of them misleading (except for such Tax returns and reports with respect to which the failure to timely file would not be Materially Adverse). BC Co has not received notice of any examination of any tax return of BC Co or its subsidiary, and to the knowledge of BC Co, no such examination is currently in progress by any Government Agency and there are no issues or disputes outstanding with any Government Agency respecting any Taxes that have been paid, or may be payable, by BC Co or its subsidiary. There are no agreements, waivers or other arrangements with any taxation authority providing for an extension of time for any assessment or reassessment of Taxes with respect to BC Co and its subsidiary;

(iii) BC Co has established on its books and records reserves or otherwise made provisions that are adequate for the payment of all Taxes not yet due and payable and there are no liens for Taxes on the BC Co Assets and its subsidiary, and, to the knowledge of BC Co, there are no audits pending of the tax returns of BC Co or its subsidiary (whether federal, state, provincial, local or foreign) and there are no claims which have been asserted relating to any such tax returns;

(iv) BC Co's auditors who audited BC Co's Financial Statements (as applicable) are independent public accountants; and

(v) No holder of outstanding BC Co Common Shares is entitled to any pre-emptive or any similar rights to subscribe for any BC Co Common Shares or other securities of BC Co, and except as contemplated by this Agreement and the Canadian Arrangement Agreement, no rights to acquire, or instruments convertible into or exchangeable for, any securities in the capital of BC Co or Merger Co are outstanding.

(c) *Undisclosed Liabilities*.

(i) Other than as disclosed in BC Co's Financial Statements, BC Co does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that individually or in the aggregate, are Materially Adverse; and

(ii) No third party has any ownership right, title, interest in, claim in, lien against or any other right to the BC Co Assets purported to be owned by BC Co.

(d) *Litigation*. To the knowledge of BC Co, no legal or governmental actions, suits, judgments, investigations or proceedings are pending to which BC Co or its subsidiary, or to the knowledge of BC Co, the directors, officers or employees of BC Co or its subsidiary are a party or to which the BC Co Assets are subject and, to the knowledge of BC Co, no such proceedings have been threatened against or are pending with respect to BC Co or its subsidiary, or with respect to the BC Co Assets and neither BC Co or its subsidiary is subject to any judgment, order, writ, injunction, decree or award of any Government Agency.

(e) *Reporting Issuer Status*

(i) BC Co Parent is a reporting issuer in the Provinces of British Columbia and Alberta and has been a reporting issuer in such provinces since June 13, 2014; and

(ii) No order, ruling or determination having the effect of suspending the sale or ceasing the trading in any securities of BC Co (including the BC Co Common Shares) has been issued by any regulatory authority and is continuing in effect and no proceedings for that purpose have been instituted or, to the knowledge of BC Co, are pending, contemplated or threatened by any regulatory authority.

(f) *Material Contracts*.

(i) Neither BC Co nor Merger Co are party to any material contract, written or oral, or any other contract, written or oral, involving an amount in excess of $5,000 other than:

(A) this Agreement,

(B) the Canadian Arrangement Agreement, and

(C) the Agency Agreement (collectively, the "**BC Co Contracts**");

(ii) Neither BC Co nor, to the knowledge of BC Co, any other party thereto is in material default or breach of any BC Co Contract and, to the knowledge of BC Co, there exists no condition, event or act which, with the giving of notice or lapse of time or both would constitute a material default or breach under any BC Co Contract which would give rise to a right of termination on the part of any other party to a BC Co Contract;

(iii) BC Co is not a party to any agreement, nor, to the knowledge of BC Co, is there any shareholders agreement or other contract which in any manner affects the voting control of any of the securities of BC Co or Merger Co;

(iv) There is no agreement, plan or practice of BC Co relating to the payment of any management, consulting, service or other fee or any bonus, pensions, share of profits or retirement allowance, insurance, health or other employee benefit other than in the ordinary course of business or in respect of professional service fees;

(v) BC Co has no, and since incorporation has not had any, employees. There are no employment contracts, agreements or engagements, either oral or written, with any director or officer of BC Co; and

(vi) None of the directors or officers of BC Co or any associate or Affiliate of any of the foregoing has any interest, direct or indirect, in any transaction or any proposed transaction with BC Co that materially affects, is material to or will materially affect BC Co. BC Co is not indebted to: (i) any director, officer or shareholder of BC Co (other than in respect of the reimbursement of expenses incurred on behalf of BC Co in the ordinary course of business); (ii) any individual related to any of the foregoing by blood, marriage or adoption; or (iii) any corporation controlled, directly or indirectly, by any one or more of those Persons referred to in this §3.1(f)(vi). None of those Persons referred to in this §3.1(f)(vi) is indebted to BC Co. Except as disclosed by BC Co to the Company in writing, BC Co is not currently a party to any contract, agreement or understanding with any officer, director, employee, shareholder or any other Person not dealing at arm's length with BC Co.

(g) *No Other Commissions*. Except as contemplated by the Agency Agreement and the BC Co Finder's Fee, there is no Person acting at the request or on behalf of BC Co that is entitled to any brokerage or finder's fee or other compensation in connection with the transactions contemplated by this Agreement.

PART 4
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

4.1 **Representations and Warranties of the Company.**

As of the Agreement Date, the Company represents and warrants to and in favour of BC Co as follows, and acknowledges that BC Co is relying upon such representations and warranties in connection with the completion of the transactions contemplated herein:

(a) *Organization, Standing, Corporate Power, Authority and Non-Contravention.*

(i) The Company is a corporation incorporated and validly existing under the laws of the State of Washington and has all requisite corporate power and corporate authority and is duly qualified and holds all material permits, licences, registrations, permits, qualifications, consents and authorizations necessary or required to carry on its business as now conducted and to own, lease or operate its Assets and neither the Company nor, to the knowledge of the Company, any other Person, has taken any steps or proceedings, voluntary or otherwise, requiring or authorizing the dissolution or winding up of the Company, and the Company has all requisite corporate power and corporate authority to enter into this Agreement and to carry out its obligations hereunder;

(ii) The authorized capital of the Company consists of 100,000,000 Company Shares of which (i) prior to giving effect to the conversion of Subscription Receipts into 15,587,333 Company Shares immediately prior to the Merger, and effective as of July 31, 2015, 3,733,139 Company Shares will be issued and outstanding; and (ii) the number of Company Options more particularly described on Schedule "A" hereto will be outstanding;

(iii) Except for the right of first refusal contained in the Agency Agreement, the above noted Company Options and the Private Placement, no Person has any written or oral agreement, option or warrant or any right or privilege (whether by law, pre-emptive or contractual) capable of becoming such for the purchase or acquisition of any securities of the Company. Notwithstanding anything to the contrary contained herein, from and after June 30, 2015 through the Closing Date, it is understood and agreed that the Company may continue to issue securities of the Company as the Company deems reasonably necessary in order to fund continued operations of the Company; provided however, the Existing Company Shareholders as of the Closing Date shall not receive in excess of the 20,000,000 BC Co Common Shares and Common Shares as described in §8.2(vi) herein;

(iv) The Company has no subsidiaries, nor any interest in any body corporate, partnership, joint ventures or other entity or Person and the Company is not a party to any agreement, option or commitment to acquire any shares or securities of any body corporate, partnership, trust, joint venture or other entity or Person (other than as contemplated by this Agreement);

(v) The Company has been conducting its business in compliance in all material respects with all applicable Laws and regulations of each jurisdiction in which it carries on business and has not received a notice of material non-compliance, and, to the knowledge of the Company, there are no facts that would give rise to a notice of material noncompliance with any such laws and regulations;

(vi) Other than the occurrence of the Escrow Release Conditions for the release of the Escrowed Funds, no consent, approval, order or authorization of, or registration, declaration or filing with, any third party or governmental entity is required by or with respect to the Company in connection with the execution and delivery of this Agreement by the Company, the performance of its obligations hereunder or the consummation by the Company of the transactions contemplated hereby other than: (i) the approval of the Merger by the Company Stockholders and the approval of the Merger under Applicable Washington State Law; and (ii) any other consents, notice, approvals, orders, authorizations, registrations, declarations or filings which, if not obtained or made, would not, individually or in the aggregate, have a Material Adverse Effect on the Company or prevent or materially impair the Company's ability to perform its obligations hereunder;

(vii) Each of the execution and delivery of this Agreement, the performance by the Company of its obligations hereunder and the consummation of the transactions contemplated in this Agreement, including the Merger, do not and will not conflict with or result in a breach or violation of any of the terms or provisions of, or constitute a default under, whether after notice or lapse of time or both, of (i) any statute, rule or regulation applicable to the Company, including Applicable Securities Law; (ii) the constating documents, by-laws or resolutions of the Company which are in effect at the date hereof; (iii) any mortgage, note, indenture, contract, agreement, joint venture, partnership, instrument, lease or other document to which the Company is a party or by which it is bound; or (iv) any judgment, decree or order binding the Company or the Assets;

(viii) This Agreement has been duly authorized and executed by the Company and constitutes a valid and binding obligation of the Company and shall be enforceable against the Company in accordance with its terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting the rights of creditors generally and except as limited by the application of equitable principles when equitable remedies are sought, and by the fact that rights to indemnity, contribution and waiver, and the ability to sever unenforceable terms, may be limited by applicable Law; and

(ix) The Company is not in violation of its constating documents or in default in the performance or observance of any material obligation, agreement, covenant or condition contained in any contract to which it is a party or by which it or its property may be bound.

(b) *Intellectual Property.*

(i) The Company has the exclusive right to use, sell, license, sub-license and prepare derivative works for and dispose of and has the rights to bring actions for the infringement or misappropriation of the Company's Intellectual Property that it has registered or applied for registration (the "**Company-Owned Intellectual Property**") and the Company has not licensed, conveyed, assigned or encumbered any of the Company's Intellectual Property that it owns. All registrations and filings necessary to preserve the rights of the Company to the Company-Owned Intellectual Property have been made and are in good standing.

(ii) Schedule "C" hereto sets out all of the Company's Intellectual Property registrations and applications.

(iii) All pending applications for registration of the Company-Owned Intellectual Property (which are fully described in Schedule "C") are in good standing with the appropriate offices and assignments have been recorded in favour of the Company to the extent recordation within a timely manner is required to preserve the rights thereto.

(iv) The execution and delivery of this Agreement or any agreement contemplated hereby will not breach, violate or conflict with any instrument or agreement governing any of the Company's Intellectual Property, will not cause the forfeiture or termination of any of the Company's Intellectual Property or in any way exclude the right of the Company to use, sell, license or dispose of or to bring any action for the infringement of any of the Company's Intellectual Property (or any portion thereof).

(v) There are no royalties, honoraria, fees or other payments payable by the Company to any Person by reason of, or in respect of, the ownership, use, license, sale or disposition of any of the Company-Owned Intellectual Property and there are no restrictions on the ability of the Company or any successor to or assignee from the Company to use and exploit all rights in such Intellectual Property.

(vi) All maintenance fees due in accordance with the Intellectual Property have been paid in a timely manner.

(c) *Financial Statements.*

(i) The Company's Financial Statements will:

(A) present fairly, in all material respects, the financial position of the Company as at the dates thereof and the results of its operations and the

changes in stockholders' equity and cash flows of the Company for the periods specified;

(B) not contain any untrue statement of a material fact or omit to state a material fact required to be stated under applicable accounting principles or that is necessary to make a statement not misleading in light of the circumstances; and

(C) have been prepared in accordance with IFRS.

(ii) The Company's auditors who audited or reviewed the Company's Financial Statements are independent public accountants.

(d) *Undisclosed Liabilities.* Other than as disclosed in the Company's Financial Statements, the Company does not have any liabilities or obligations of any nature, whether known or unknown, absolute, accrued, contingent or otherwise and whether due or to become due, that, individually or in the aggregate, are Materially Adverse.

(e) *Absence of Certain Changes or Events.* Other than the transactions contemplated herein and other than as disclosed in the Company's Financial Statements or the Disclosure Documents, since December 31, 2014, the Company has conducted its business only in the ordinary course and:

(i) there has not been any event, change, effect or development (including any decision to implement such a change made by the board of directors of the Company in respect of which senior management believes that confirmation of the board of directors is probable), which, individually or in the aggregate, is Materially Adverse;

(ii) there has not been any declaration, setting aside or payment of any dividend or other distribution (whether in cash, stock or property) with respect to any of their shares of common stock of the Company; and

(iii) no liability or obligation of any nature (whether absolute, accrued, contingent or otherwise) that is Materially Adverse has been incurred.

(f) *Taxes.* As of the date of this Agreement, if required, the Company has duly and in a timely manner filed all Tax returns and reports required by Laws to have been filed by it (except for such Tax returns and reports with respect to which the failure to timely file would not be Materially Adverse), has duly reported all income and other amounts required to be reported and has paid all Taxes to the extent that such Taxes have been assessed by the relevant taxation authority and are due and payable (except where failure to do so would not be Materially Adverse). To the extent required, except where failure to do so would not be Materially Adverse, the Company has duly and in a timely manner paid, deducted, withheld, collected and remitted all Taxes required to be paid, deducted, withheld, collected and remitted by it and has made full provision, in accordance with IFRS for (including properly accruing and reflecting on its books and records) all Taxes that are not yet due, that relate to periods (or portions thereof) ending prior to the date of

this Agreement. The Company's Financial Statements contain adequate provision for all Taxes, assessments and levies imposed on the Company, or its property or rights arising out of operations on or before the date of the balance sheet set forth in the Company's Financial Statements in accordance with IFRS regardless of whether such amounts are payable before or after the Closing Date. No deficiency in payment of any Taxes for any period has been asserted by any Government Agency and remains unsettled at the date hereof. There are no actions, suits, examinations, proceedings, investigations, audits or claims now pending or threatened or, to the knowledge of the Company, contemplated against the Company in respect of any Taxes and there are no matters under discussion with any Government Agency relating to any Taxes.

(g) *Pre-Emptive Rights.* No holder of outstanding securities of the Company will be entitled to any pre-emptive or any similar rights to subscribe for securities of the Company at any time prior to or concurrent with the Closing of the Merger, including without limitation, pursuant to the Company's By-laws.

(h) *Change in Law.* The Company is not aware of any pending change to any applicable law that would reasonably be expected to have an effect that would be Materially Adverse.

(i) *Employment Matters.*

(i) The Company has not had, and does not currently have any collective bargaining agreements with respect to its Employees and, to the knowledge of the Company, no accreditation request or other representation question is pending with respect to its Employees. There is no labour strike, dispute or stoppage pending or, to the knowledge of the Company after due inquiry, threatened against the Company, and the Company has not experienced any labour strike, dispute, slowdown or stoppage or other labour difficulty involving its Employees.

(ii) The Company is not subject to any litigation (actual or, to the knowledge of the Company, threatened) relating to employment or termination of employment of its Employees, other than those claims or litigation that are not, individually or in the aggregate, Materially Adverse.

(iii) The Company has operated in accordance with all applicable Laws with respect to employment and labour, including employment and labour standards, occupational health and safety, employment equity, pay equity, workers' compensation, human rights and labour relations, except where failure to do so would not reasonably be expected to have an effect that would be Materially Adverse, and there are no current, pending or, to the knowledge of the Company, threatened proceedings before any Government Agency with respect thereto.

(iv) No current or former employee, officer or director or the Company is entitled to a severance, termination or other similar payment as a result of the Merger.

(v) No Person is entitled: (i) to a payment under a Contract with the Company as a result of the Merger; or (ii) to terminate a Contract with the Company, as a result of the Merger.

(j) *Bankruptcy, Insolvency*. No bankruptcy, insolvency or receivership proceedings have been instituted by the Company or, to the knowledge of the Company, are pending against the Company.

(k) *Books and Records*. The corporate minute books of the Company contain minutes of all material meetings and resolutions of the directors and stockholders held, and full access thereto has been provided to BC Co and its counsel.

(l) *Non-Arm's Length Transactions.* Other than employment agreements, consulting agreements or other agreements pursuant to which Employees may receive compensation between the Company and its Employees, other than as disclosed in the Financial Statements or the Disclosure Documents, and other than the ongoing professional relationship of the Company and the law firm of Witherspoon Kelley, three principals of which are Company Stockholders and/or creditors of the Company, there are no Contracts or other transactions currently in place between the Company and (i) any officer or director of the Company; (ii) any holder of the Company Shares or other securities of the Company; or (iii) any associate or affiliate of the foregoing.

(m) *Litigation.* Other than as disclosed in the Company's Financial Statements, there is no suit, action or proceeding pending or, to the knowledge of the Company, threatened against the Company and there is no judgment, decree, injunction, rule or order of any Government Agency or arbitrator outstanding against the Company.

(n) *No Other Commissions.* Except as contemplated by the Agency Agreement, the Consulting Services Agreement, and the Company Advisory Fee, there are no persons acting or purporting to act at the request or on behalf of the Company that are entitled to any brokerage or finder's fee in connection with the transactions contemplated in connection with this Agreement.

(o) *Contracts.*

(i) Other than as disclosed herein, the Company does not have any material Contracts as of the date hereof.

(ii) To the knowledge of the Company, any and all material Contracts of the Company are valid and subsisting agreements in full force and effect, enforceable in accordance with their respective terms, the Company is not in default of any of the provisions of any such Contracts, except for any defaults that are not, individually or in the aggregate, reasonably be expected to have an effect that would be Materially Adverse, nor has any such default been alleged, and the Company is not aware of any material disputes with respect thereto.

(iii) The Company is not a party to or bound or affected by any commitment, agreement or document which would prohibit or restrict the Company from entering into this Agreement or completing the Merger.

(p) *Liens.* There are no encumbrances or liens (registered or, to the knowledge of the Company, unregistered) against any of the Assets.

(q) *Premises.* With respect to each premises which is material to the Company and which the Company occupies, whether as owner or as tenant (the "**Leased Premises**"), the Company occupies the Leased Premises and has the exclusive right to occupy and use the Leased Premises and each of the leases pursuant to which the Company occupies the Leased Premises is in good standing and in full force and effect under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the use made or proposed to be made of such property and buildings by the Company.

(r) *Insurance.*

(i) The insurance maintained by the Company is customary of any company engaged in the business carried on by the Company and such insurance adequately covers all material risks reasonably and prudently foreseeable in the operation and conduct of the business of the Company, and the Company is not in material default under the terms of any such policy.

(ii) There is no claim outstanding under any insurance policy of the Company as to which coverage has been questioned, denied or disputed by the underwriter of such policy, and there has been no notice of cancellation or termination of, or premium increase with respect to, any such policy.

(iii) The Company has paid all premiums due under its insurance policies and the Company is not in default in any material respect under the terms of any of their insurance policies.

PART 5
SURVIVAL OF REPRESENTATIONS AND WARRANTIES

5.1 **No Survival of Representations and Warranties.**

The representations and warranties made by the Parties and contained in this Agreement shall not survive the Closing.

PART 6
COVENANTS OF THE COMPANY

The Company hereby covenants and agrees with BC Co as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

6.1 **Necessary Consents.**

The Company shall use its commercially reasonable efforts to obtain from the Company's directors, stockholders and all federal, state or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein.

6.2 **Ordinary Course.**

The Company will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

6.3 **Non-Solicitation.**

The Company hereby covenants and agrees from the date hereof until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition. In the event the Company or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of the foregoing, the Company shall forthwith (in any event within one Business Day following receipt) notify BC Co of such offer or inquiry and provide BC Co with the material terms of the same.

6.4 **Restrictive Covenants.**

Save for and except the possible conversion of the Company Bridge Loan to Company Shares which is permitted hereunder, the Company hereby covenants and agrees until the Termination Date not to, without BC Co's prior written consent, which shall not be unreasonably withheld:

(i) issue any debt, equity or other securities, except in connection with (i) the Private Placement; (ii) the issuance of debt in the ordinary course of business; (iii) any outstanding Company Options; (iv) the issuance of options pursuant to the Company's existing stock option plan or any new stock option plan adopted by the Company's Stockholders and the issuance of common shares underlying any such options; or (v) the issuance of securities in connection with a bona fide purchase of assets or shares from, or a strategic partnership with, an arm's length third party;

(ii) borrow money or incur any indebtedness for money borrowed, except in the ordinary course of business;

(iii) make loans, advances or other payments to directors, officers, employees or consultants of the Company, other than (i) payments made in the ordinary course of business (including payment of salaries or consultant fees at current

rates); or (ii) routine advances or payments to directors, officers, employees or consultants of the Company for expenses incurred on behalf of the Company in the ordinary course of business;

(iv) declare or pay any dividends or distribute any of the Company's properties or Assets to stockholders, except in the ordinary course of business;

(v) alter or amend the Company's Articles of Incorporation or Bylaws, except as required to give effect to the matters contemplated herein; or

(vi) except as otherwise permitted or contemplated herein, enter into any transaction or material contract which is not in the ordinary course of business or engage in any business enterprise or activity materially different from that carried on or contemplated by the Company and/or its Affiliates as of the date hereof.

6.5 **All Other Action.**

The Company shall cooperate fully with BC Co and will use all reasonable commercial efforts to assist BC Co in its efforts to complete the Acquisition, unless such cooperation and efforts would subject the Company to material cost or liability or would be in breach of applicable statutory or regulatory requirements.

PART 7
COVENANTS OF BC CO

BC Co hereby covenants and agrees with the Company as follows until the earlier of the Effective Date or the termination of this Agreement in accordance with its terms:

7.1 **Necessary Consents.**

BC Co shall use its reasonable efforts to obtain from BC Co's directors, shareholders, the CSE, the Principal Regulator and all federal, provincial, municipal or other governmental or administrative bodies such approvals or consents as are required to complete the transactions contemplated herein (including approval of its shareholders of the BC Co Shareholder Consent Materials and the approval of the CSE of the listing of Resulting Issuer Common Shares and the shares underlying the Resulting Issuer Options to be issued pursuant to this Agreement).

7.2 **Ordinary Course.**

BC Co will operate its business in a prudent and business-like manner in the ordinary course and in a manner consistent with past practice.

7.3 **Non-Solicitation.**

BC Co hereby covenants and agrees until the Termination Date not to, directly or indirectly, solicit, initiate, knowingly encourage, cooperate with or facilitate (including by way

of furnishing any non-public information or entering into any form of agreement, arrangement or understanding) the submission, initiation or continuation of any oral or written inquiries or proposals or expressions of interest regarding, constituting or that may reasonably be expected to lead to any activity, arrangement or transaction or propose any activities or solicitations in opposition to or in competition with the Acquisition. In the event BC Co or any of its Affiliates, including any of their officers or directors, receives any form of offer or inquiry in respect of any of the foregoing, BC Co shall forthwith (in any event within one Business Day following receipt) notify the Company of such offer or inquiry and provide the Company with the material terms of the same.

7.4 **Restrictive Covenants.**

BC Co hereby covenants and agrees until the Termination Date not to, without the Company's prior written consent:

(i) issue any debt, equity or other securities, except in connection with the Private Placement, the Canadian Arrangement Agreement, or the Acquisition;

(ii) borrow money or incur any indebtedness for money borrowed;

(iii) make loans, advances or other payments to directors, officers, or consultants of BC Co, other than (i) payments made in the ordinary course of business (including payment of consultant fees at current rates and (ii) routine advances or payments to directors, officers or consultants of BC Co for expenses incurred on behalf of BC Co in the ordinary course of business;

(iv) make any capital expenditures;

(v) declare or pay any dividends or distribute any BC Co Assets to shareholders;

(vi) alter or amend BC Co's notice of articles or articles in any manner, except as required to give effect to the matters contemplated herein; or

(vii) except as otherwise permitted or contemplated herein, enter into any transaction or material contract or engage in any business enterprise or activity different from that carried on by BC Co as of the date hereof.

7.5 **Merger Co.**

Merger Co shall be validly subsisting and in good standing under Applicable Washington State Law immediately prior to the Merger. BC Co covenants and agrees that Merger Co shall not carry on any business and shall not enter into any contracts, agreements, commitments, indentures or other instruments prior to the Closing Date other than this Agreement and as required to effect the Merger.

7.6 **All Other Action.**

BC Co shall cooperate fully with the Company and will use all reasonable commercial efforts to assist the Company in its efforts to complete the Acquisition unless such cooperation and efforts would subject BC Co to material cost or liability or would be in breach of applicable statutory and regulatory requirements.

PART 8
CONDITIONS PRECEDENT

8.1 **Conditions for the Benefit of BC Co.**

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Closing Date, which conditions are for the exclusive benefit of BC Co and may be waived, in whole or in part, by BC Co in its sole discretion:

(i) **Truth of Representations and Warranties.** The representations and warranties of the Company contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(ii) **Performance of Obligations.** The Company shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by them at or prior to the Closing Date and an officer or director of the Company shall provide a certificate addressed to BC Co at Closing confirming the foregoing.

(iii) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to BC Co acting reasonably, including the approval of the CSE, the approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and the Company Stockholder approval of the Merger.

(iv) **Private Placement.** The Subscription Receipts shall have been exchanged into Company Shares in accordance with their terms and the Net Proceeds shall have been released from escrow.

(v) **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of the Company since March 31, 2015, other than a reduction of its cash

position and/or accrual of expenses, in each case in order to pay or accrue for professional fees or other expenses in connection with the Acquisition.

(vi) **Deliveries.** The Company shall deliver or cause to be delivered to BC Co the closing documents as set forth in §9.2 in a form satisfactory to BC Co acting reasonably.

(vii) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to BC Co, acting reasonably, and BC Co shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(viii) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than the Company) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on the Company.

8.2 **Conditions for the Benefit of the Company.**

The transactions contemplated herein are subject to the following conditions to be fulfilled or performed on or prior to the Effective Date, which conditions are for the exclusive benefit of the Company and may be waived, in whole or in part, by the Company in its sole discretion:

(i) **Truth of Representations and Warranties.** The representations and warranties of BC Co contained in this Agreement shall have been true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date in all material respects with the same force and effect as if such representations and warranties had been made on and as of such Closing Date except as affected by transactions contemplated or permitted by this Agreement and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.

(ii) **Performance of Obligations.** BC Co shall have performed, fulfilled or complied with, in all material respects, all of its obligations, covenants and agreements contained in this Agreement to be fulfilled or complied with by BC Co at or prior to the Closing Date and an officer or director of BC Co shall provide a certificate to the Company at Closing confirming the foregoing.

(iii) **No Material Adverse Change.** There shall have been no material adverse change in the business, results of operations, assets, liabilities, financial condition or affairs of BC Co since March 31, 2015 other than a reduction of its cash position in order to pay professional fees or other expenses in connection with the Acquisition.

(iv) **Approvals and Consents.** All required approvals, consents and authorizations of third parties in respect of the transactions contemplated herein, including without limitation all necessary shareholder and regulatory approvals, shall have been obtained on terms acceptable to the Company acting reasonably, including approval of the BC Co Shareholder Consent Materials by the shareholders of BC Co and the Company Stockholder approval of the Merger. BC Co shall have effected the Name Change on terms satisfactory to the Company.

(v) **Private Placement.** The Subscription Receipts shall have been exchanged into Company Shares in accordance with their terms and the Net Proceeds shall have been released from escrow.

(vi) **Share Issuance by BC Co to Existing Company Shareholders.** Notwithstanding anything else contained herein, as consideration for entering into this Agreement, BC Co shall have issued such number of BC Co Common Shares, at a deemed price of $0.15 per BC Co Common Share, to the Existing Company Shareholders on a pro rata basis so that the number of BC Co Common Shares held by the Existing Company Shareholders equals 20,000,000 BC Co Common Shares. For the avoidance of doubt, the 20,000,000 BC Co Common Shares issuable hereunder are in addition to any BC Co Common Shares issued upon Closing in connection with the Private Placement or BC Co Common Shares which may be issuable upon Closing in connection with the BC Co Finder's Fee, the Broker Warrants, the Company Bridge Loan and the Company Options.

(vii) **U.S. Registration Exemption**. The issuance of the Resulting Issuer Common Shares issuable pursuant to the Merger, the issuance of the Resulting Issuer Options, and the exchange of the Company Bridge Loan for the Resulting Issuer Bridge Loan shall be exempt or excluded from registration requirements under the U.S. Securities Act, and the registration and qualification requirements of all Applicable Securities Law. It is anticipated that BC Co will rely on Rule 506(b) of Regulation D and Rule 903 of Regulation S, as applicable, in connection with the offer and sale of the Resulting Issuer Common Shares, Resulting Issuer Options and Resulting Issuer Bridge Loan. The Company hereby agrees that it will cooperate with BC Co in the preparation of a private placement memorandum containing the information prescribed by Rule 502(b) of Regulation D.

(viii) **Exemption from Prospectus Requirements.** The distribution of the Resulting Issuer Common Shares in Canada pursuant to the Merger (including those Resulting Issuer Common Shares distributable pursuant to the rights attached to the Resulting Issuer Options and the Resulting Issuer Bridge Loan) shall be exempt from, or otherwise not subject to, prospectus requirements of Applicable Securities Law and shall be freely tradeable (subject to the usual restrictions under National Instrument 45-102 Resale of Securities, of the Canadian Securities Administrators or pursuant to Applicable Securities Law in the United States). The Company hereby acknowledges and agrees that any Resulting Issuer Common Shares and any Resulting Issuer Options issued to or

for the account or benefit of any U.S. Persons or persons in the United States in reliance on Rule 506(b) of Regulation D will be issued as "restricted securities" as defined in Rule 144(a)(3) under the U.S. Securities Act, and will be represented by definitive certificates endorsed with a U.S. restrictive legend in customary form.

(ix) **Issuance of Shares.** The Resulting Issuer Common Shares shall be free and clear of any and all encumbrances, Liens, charges, demands and restrictions on transfer whatsoever except the escrow restrictions imposed by the CSE or the Principal Regulator and restrictive or hold period prescribed under Applicable Securities Law.

(x) **Deliveries.** BC Co shall deliver or cause to be delivered to the Company BC Co's Closing Documents as set forth in §9.3 in a form satisfactory to the Company, acting reasonably.

(xi) **Proceedings.** All proceedings to be taken in connection with the transactions contemplated in this Agreement shall be satisfactory in form and substance to the Company, acting reasonably, and the Company shall have received copies of all instruments and other evidence as it may reasonably request in order to establish the consummation or closing of such transactions and the taking of all necessary proceedings in connection therewith.

(xii) **No Legal Action or Prohibition of Law.** There shall be no action or proceeding pending or threatened by any Person (other than BC Co) in any jurisdiction, or any applicable Laws proposed, enacted, promulgated or applied, to enjoin, restrict or prohibit any of the transactions contemplated by this Agreement or which could reasonably be expected to result in a Material Adverse Effect on BC Co.

PART 9
CLOSING

9.1 **Time of Closing.**

The Closing of the transactions contemplated herein shall be completed at the offices of McMillan LLP, Suite 1500 – 1055 West Georgia Street, Vancouver, British Columbia at 10:00 a.m. (Vancouver time) on the Closing Date. Closing of the transactions contemplated herein can be facilitated through electronic communication and document transmission and the physical presence of the Parties' representatives is not required for the Closing of any such transaction unless necessary.

9.2 **Company Closing Documents.**

On the day of Closing, the Company shall deliver to BC Co the following documents:

(i) a certified copy of the resolutions of the directors and stockholders of the Company approving and authorizing the transactions herein contemplated;

(ii) a certified copy of the constating documents of the Company;

(iii) a favourable legal opinion from counsel to the Company with respect to such matters as counsel for BC Co may reasonably request; and

(iv) evidence that the Company has cancelled all of its issued and outstanding securities as of the Closing Date including those that have been exchanged for securities of BC Co under this Agreement (which for clarity include the cancellation of the Company Bridge Loan).

9.3 **BC Co's Closing Documents.**

On the day of Closing, BC Co shall deliver to the Company the following documents:

(i) Certificates or confirmation of electronic registration (such as Direct Registration Statement (DRS) advice) representing the Resulting Issuer Common Shares issuable to and in the respective names of the holders of Company Common Shares pursuant to the Merger (such certificates or electronic registration to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing);

(ii) certificates or option agreements or confirmation of electronic registration of the same representing in the aggregate the Resulting Issuer Options issuable to and in the respective names of the holders of the Broker Warrants and the Company Options pursuant to the Merger (such certificates or electronic registration, as the case may be, to be registered and prepared in accordance with a written direction to be provided by the Company prior to Closing);

(iii) copies of the list of defaulting issuers published by the British Columbia and Alberta securities commissions showing that BC Co does not appear on a list of defaulting reporting issuers maintained by each such securities commission;

(iv) a certified copy of the resolutions of the directors of BC Co and Merger Co, and of BC Co as the sole stockholder of Merger Co approving and authorizing the transactions herein contemplated and a certified copy of the resolutions approving the BC Co Shareholder Consent Materials;

(v) a certified copy of the constating documents of BC Co and Merger Co including the name change certificate issued by the Registrar of Companies British Columbia evidencing the Name Change;

(vi) written resignations and releases of the current officers and directors of BC Co;

(vii) conditional listing approval of the Resulting Issuer Common Shares by the CSE;

(viii) a cancelled certificate evidencing the Merger Co Shares registered in the name of BC Co; and

(ix) a favourable legal opinion from counsel to BC Co with respect to such matters as counsel for the Company may reasonably request.

PART 10
TERMINATION

10.1 **Termination.**

This Agreement shall terminate with the Parties having no obligations to each other, other than in respect of the expense provisions contained in §11.6, the confidentiality provisions contained in §11.1, if applicable, on the day (the "**Termination Date**") on which the earliest of the following events occurs:

(i) written agreement of the parties to terminate this Agreement;

(ii) any applicable regulatory or Government Agency having notified in writing either BC Co or the Company of its determination to not permit the Merger to proceed, in whole or in part, and the parties have used commercially reasonable efforts to appeal or reverse such determination, or modify the Merger on a basis that is not prejudicial to either party hereto in order to address such determination; or

(iii) the Closing of the Merger has not occurred on or before 5:00 p.m. (Vancouver time) on September 11, 2015.

10.2 **Effect of Termination.**

Each Party's right of termination under this Part 10 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of a right of termination will not be an election of remedies. Nothing in Part 10 shall limit or affect any other rights or causes of action any Party may have with respect to the representations, warranties, covenants and indemnities in its favour contained in this Agreement.

PART 11
GENERAL

11.1 **Confidential Information.**

No disclosure or announcement, public or otherwise, in respect of this Agreement or the transactions contemplated herein will be made by BC Co or the Company or its representatives without the prior agreement of the other party as to timing, content and method, hereto, except for disclosure by a Party made to its own representatives, and its legal and accounting consultants. The obligations herein will not prevent any party from making, after consultation with the other party, such disclosure as its counsel advises is required by applicable law or the rules and policies of the CSE.

Except as and only to the extent required by applicable Laws, a Receiving Party will not disclose or use, and it will cause its representatives not to disclose or use, any Confidential Information furnished, or to be furnished, by a Disclosing Party or its representatives to the Receiving Party or its representatives at any time or in any manner other than for purposes of evaluating and completing the transactions proposed in this Agreement.

If this Agreement is terminated, each Receiving Party will promptly return to the Disclosing Party or destroy any Confidential Information and any work product produced from such Confidential Information in its possession or in the possession of any of its representatives.

11.2 **Counterparts.**

This Agreement may be executed in several counterparts (by original or facsimile or e-mail transmitted signature), each of which when so executed shall be deemed to be an original and each of such counterparts, if executed by each of the Parties, shall constitute a valid and enforceable agreement among the Parties.

11.3 **Severability.**

In the event that any provision or part of this Agreement is determined by any court or other judicial or administrative body to be illegal, null, void, invalid or unenforceable, that provision shall be severed to the extent that it is so declared and the other provisions of this Agreement shall continue in full force and effect.

11.4 **Applicable Law.**

This Agreement shall be governed by and construed in accordance with the laws of the State of Washington without giving effect to the conflict of law principles therein.

11.5 **Successors and Assigns.**

This Agreement shall accrue to the benefit of and be binding upon each of the Parties hereto and their respective, administrators and assigns, provided that this Agreement shall not be assigned by any one of the Parties without the prior written consent of the other Parties.

11.6 **Expenses.**

Each of the Parties hereto shall be responsible for its own costs and charges incurred with respect to the transactions contemplated herein including, without limitation, all costs and charges incurred prior to the date hereof and all legal and accounting fees and disbursements relating to preparing this Agreement or otherwise relating to the transactions contemplated herein; provided, however (and for greater certainty), BC Co shall be responsible for paying all costs and fees payable to the CSE in connection with their review of the proposed Acquisition (including the review of the Personal Information Forms to be submitted by the proposed executive officers and directors of the Resulting Issuer following completion of the Acquisition) and the CSE listing fees in connection with any securities issued pursuant to the Acquisition.

11.7 **Further Assurances.**

Each of the Parties hereto will, without further consideration, do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such other documents, instruments of transfer, conveyance, assignment and assurances and secure all necessary consents and authorizations as may be reasonably requested by another party and take such further action as the other may reasonably require to give effect to any matter provided for herein.

11.8 **Entire Agreement.**

This Agreement and the schedules referred to herein constitute the entire agreement among the Parties hereto and supersede all prior communications, agreements, representations, warranties, statements, promises, information, arrangements and understandings, whether oral or written, express or implied, with respect to the subject matter hereof, including the letter of intent of the Parties dated March 3, 2015. None of the Parties hereto shall be bound or charged with any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings not specifically set forth in this Agreement or in the schedules, documents and instruments to be delivered by and/or on the Closing Date pursuant to this Agreement. The Parties hereto further acknowledge and agree that, in entering into this Agreement and in delivering the schedules, documents and instruments to be delivered by and/or on the Closing Date, they have not in any way relied, and will not in any way rely, upon any oral or written agreements, representations, warranties, statements, promises, information, arrangements or understandings, express or implied, not specifically set forth in this Agreement or in such schedules, documents or instruments attached hereto or referenced therein (including the schedules, documents or instruments to be delivered by and/or on the Closing Date).

11.9 **Notices.**

Any notice required or permitted to be given hereunder shall be in writing and shall be effectively given if (i) delivered personally, (ii) sent prepaid courier service or mail, or (iii) sent by facsimile, e-mail or other similar means of electronic communication addressed as follows:

in the case of notice to BC Co or Merger Co:

1018763 B.C. Ltd.
Suite 605 – 815 Hornby Street
Vancouver, BC V6Z 2E6
Canada

Attention: Nick Ayling

Fax: N/A
E-mail: nick@uwoconsulting.com, with a copy e-mailed to (which shall not constitute notice hereunder) arashflaw@gmail.com

in the case of notice to the Company:

H-Source, Inc.
152 South Jefferson, Suite 100
Spokane, WA 99201
USA

Attention: John Kupice

Fax: N/A
E-mail: jkupice@h-source.com

with copies to (which shall not constitute notice hereunder):

McMillan LLP
Suite 1500 – 1055 West Georgia Street
Vancouver, BC V6E 4N7

Attention: Herbert Ono

Fax: (604) 685-7084
E-mail: herbert.ono@mcmillan.ca

Any notice, designation, communication, request, demand or other document given or sent or delivered as aforesaid shall:

(i) if delivered as aforesaid, be deemed to have been given, sent, delivered and received on the date of delivery;

(ii) if sent by mail as aforesaid, be deemed to have been given, sent, delivered and received on the fourth Business Day following the date of mailing, unless at any time between the date of mailing and the fourth Business Day thereafter there is a discontinuance or interruption of regular postal service, whether due to strike

or lockout or work slowdown, affecting postal service at the point of dispatch or delivery or any intermediate point, in which case the same shall be deemed to have been given, sent, delivered and received in the ordinary course of the mail, allowing for such discontinuance or interruption of regular postal service, and

(iii) if sent by facsimile or other means of electronic communication, be deemed to have been given, sent, delivered and received on the Business Day of the sending if sent during normal business hours on a Business Day (otherwise on the following Business Day).

11.10 **Waiver.**

Any Party hereto which is entitled to the benefits of this Agreement may, and has the right to, waive any term or condition hereof at any time on or prior to the Closing Date, provided however that such waiver shall be evidenced by written instrument duly executed on behalf of such Party; however, any e-mail containing such waiver sent from the respective e-mail address of BC Co, Merger Co or the Company (as applicable and as noted under §11.9) is deemed to be a written instrument duly executed on behalf of such Party for the purposes of this §11.10.

11.11 **Amendments.**

No modification or amendment to this Agreement may be made unless agreed to by the Parties hereto in writing.

11.12 **Remedies Cumulative.**

The rights and remedies of the Parties under this Agreement are cumulative and in addition to and not in substitution for any rights or remedies provided by law. Any single or partial exercise by any Party hereto of any right or remedy for default or breach of any term, covenant or condition of this Agreement does not waive, alter, affect or prejudice any other right or remedy to which such Party may be lawfully entitled for the same default or breach.

11.13 **Currency.**

Unless otherwise indicated, all dollar amounts referred to in this Agreement are in the lawful money of Canada.

11.14 **Time of Essence.**

Time shall be of the essence hereof.

[Signature Page Follows]

IN WITNESS WHEREOF this agreement has been executed by the Parties hereto as of the date first above written.

UWO CONSULTING LTD.

Per: (signed) "*Nick Ayling*"
Authorized Signatory
Name: Nick Ayling
Title: Chief Executive Officer and Director

1018763 B.C. LTD.

Per: (signed) "*Nick Ayling*"
Authorized Signatory
Name: Nick Ayling
Title: Director

BC MERGER SUB, INC.

Per: (signed) "*Nick Ayling*"
Authorized Signatory
Name: Nick Ayling
Title: Director

H-SOURCE, INC.

Per: (signed) "*John T. Kupice*"
Authorized Signatory
Name: John T. Kupice
Title: Chief Executive Officer and Director

SCHEDULE "A"

COMPANY STOCK OPTIONS

This is Schedule "A" to the Merger Agreement and Plan of Reorganization among UWO Consulting Ltd., 1018763 B.C. Ltd., BC Merger Sub, Inc. and H-Source, Inc., dated July 21, 2015 (the "**Agreement**"). Capitalized terms used but not defined in this Schedule "A" have the meanings ascribed thereto in the Agreement.

1. Prior to Closing, 300,000 non-transferable stock options at a price to be determined by H-Source, Inc. (the "**Company**") and issued to Baron Global Financial Canada Ltd. ("**Baron**") pursuant to an engagement agreement between Baron and the Company dated February 24, 2015, as amended by an agreement effective July 9, 2015.

2. Prior to Closing and pursuant to the Company Consulting Services Agreement, non-transferable stock options exercisable at $0.15 per share for the acquisition of Company shares equal to the greater of: (1) 467,778; and (ii) 1% of the number of the Resulting Issuer Common Shares issued and outstanding when such shares are first listed on the Canadian Securities Exchange.

[End of Schedule "A"]

SCHEDULE "B"

EXISTING COMMON SHAREHOLDERS

This is Schedule "B" to the Merger Agreement and Plan of Reorganization among UWO Consulting Ltd., 1018763 B.C. Ltd., BC Merger Sub, Inc. and H-Source, Inc., dated July 21, 2015 (the "**Agreement**"). Capitalized terms used but not defined in this Schedule "B" have the meanings ascribed thereto in the Agreement.

Shareholder	Price Per Common Share	No. of Common Shares Issued or Reissued[(1)]
Murray & Bridget Walden, husband and wife	$0.10	1,275,000
Steven Martin	$0.10	112,500
David and Ann Martin, husband and wife	$0.16	498,750
Jim Walden	$0.40	75,000
Chris Martin	$0.33	18,750
Brandon O'Brien	$0.33	37,500
Warren Heylman	$0.25	100,000
Michael Currin	$0.25	8,750
Paul and Sherry Wulff, husband and wife	$0.25	60,000
Kirk and Kelly Schlotman, husband and wife	$0.25	40,000
Kevin and Angie Salquist, husband and wife	$0.25	40,000
Dan and Kim Cronen, husband and wife	$0.25	40,000
David and Mary Knutson, husband and wife	$0.25	40,000
John Kupice	$0.33	153,750
WTRISC FBO WKDT PSP FBO Shelley Ripley	0.6666	15,000
Murray & Bridget Walden	$0.10	100,000
Dave and Ann Martin	$0.25	40,000
Jeremy Kahn	$0.67	2,250
Dan and Kim Cronen	0.6666	7,500
Dan and Kim Cronen	0.6666	7,500
Mari Luna	0.6666	15,000
Tim Kromholtz	0.6666	22,500
Murray & Bridget Walden, husband and wife	0.6666	150,000
Chris Martin	0.6666	47,500
Brandon O'Brien	0.6666	15,000
David and Ann Martin, husband and wife	0.6666	10,000
John Kupice	0.6666	200,000
Dan and Kim Cronen, husband and wife	0.6666	47,500
David Martin	0.6666	10,000
Simon Learmouth	0.6666	47,500

EINRA Capital Corp.[2]	0.6666	150,000
Richard and Sandra Brockbank	0.667	15,000
Jim Myklebust	0.667	15,075
A.B. Harris	0.667	15,000
Cody Coombs	0.667	30,000
Brad Knott	0.667	150,000
Chip Overstreet	0.666	17,233
Dave and Ann Martin[2]	0.6666	13,409
Dave and Ann Martin[2]	0.6666	8,080
Dave and Ann Martin[2]	0.6666	11,399
Jim Walden[2]	0.6666	16,727
Warren Heylman[2]	0.6666	38,066
Chip Overstreet[2]	0.6666	7,842
Chip Overstreet[2]	0.6666	4,308
Drew Watkins	0.6666	3,750
	Total	**3,733,139**

Notes:

[1] In addition to the above shareholders, the Company expects that on or prior to August 31, 2015 that (i) Geoffrey Tyson will convert a convertible note in the principal amount of US$50,000 and accrued interest of US$4,745.52 to 82,126 Company Shares (converted at US$0.6666 per Company Share) and (ii) Brad Root will convert a convertible note in the principal amount of US$35,000 and accrued interest of US$3,839.72 to58,265Company Shares (converted at US$0.6666 per Company Share). In addition, Mr. Tyson is permitted to purchase 25,000 additional Company Shares for an additional US$21,410.52 and Mr. Root is permitted to purchase an additional 17,500 Company Shares for US$15,505.22. If Mr. Tyson converts to Company Shares as contemplated herein then he will be deemed to be an Existing Company Shareholder. Likewise if Mr. Root coverts to Company Shares as contemplated herein then he will also be deemed to be an Existing Company Shareholder.

[2] Such common shares issued as the Company Share portion of the Company Advisory Fee.

[3] Issued effective on July 31, 2015.

[End of Schedule “B”]

SCHEDULE "C"

INTELLECTUAL PROPERTY

This is Schedule "C" to the Merger Agreement and Plan of Reorganization among UWO Consulting Ltd., 1018763 B.C. Ltd., BC Merger Sub, Inc. and H-Source, Inc., dated July 9, 2015.

TRADEMARK APPLICATIONS AND REGISTRATIONS

Trademark	Country	Class	App Date	App #	Reg Date	Reg #	Status
H-SOURCE	USA	42	10/5/2011	85-439,493	01/08/2013	4,273,120	Active

PATENT APPLICATIONS

File #	Title	Serial #	Filing Date	Status
WA82-001	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	12/772,019	4-30-10	Pending
WA82-002	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	PCT/US2011/034208	4-27-11	Closed - National Phase Applications Filed
WA82-003	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	JP 2013-508230	4-27-11 (National Phase Date 10-25-12)	Pending
WA82-004	Perishable Medical Product Management Systems, Perishable Medical Product Management Methods, And Perishable Medical Product Resale Methods	EP 11775540.5	4-27-11 (National Phase Date 11-26-12)	Pending

[End of Schedule "C"]

Appendix E

STOCK OPTION PLAN

H-SOURCE HOLDINGS LTD.

ARTICLE 1
PURPOSE OF PLAN

1.1 The purpose of this stock option plan (the "**Plan**") of H-SOURCE HOLDINGS LTD. (the "**Corporation**"), a corporation incorporated under the *Business Corporations Act* (British Columbia), is to advance the interests of the Corporation by encouraging the directors, employees and consultants of the Corporation and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Class A common shares in the share capital of the Corporation (the "**Shares**"), thereby increasing their proprietary interest in the Corporation, encouraging them to remain associated with the Corporation and furnishing them with additional incentive in their efforts on behalf of the Corporation in the conduct of its affairs.

ARTICLE 2
ADMINISTRATION OF PLAN

2.1 The Plan shall be administered by the board of directors of the Corporation or by a special committee of the directors appointed from time to time by the board of directors of the Corporation pursuant to rules of procedure fixed by the board of directors (such committee or, if no such committee is appointed, the board of directors of the Corporation is hereinafter referred to as the "**Board**"). A majority of the Board shall constitute a quorum and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously by consent in writing, shall be the acts of the directors.

2.2 Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all option agreements entered into thereunder, to define the terms used in the Plan and in all option agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Optionees (as defined herein) under the Plan and on their legal personal representatives and beneficiaries.

2.3 Each option to purchase Shares (an "**Option**") granted hereunder may be evidenced by an agreement in writing, signed on behalf of the Corporation and by the Optionee (as defined herein), in such form as the Board shall approve, and each such agreement shall recite that it is subject to the provisions of this Plan (each such agreement being an "**option agreement**").

ARTICLE 3
STOCK EXCHANGE RULES

3.1 All Options granted pursuant to this Plan shall be subject to rules and policies of the Canadian Securities Exchange (the "**Exchange**"), applicable corporate and securities laws, and rules and policies of any stock exchange or exchanges (other than the Exchange) on which the

Shares may be listed on in the future, and any other regulatory body having jurisdiction hereinafter (collectively, "**Applicable Laws**").

ARTICLE 4
SHARES SUBJECT TO PLAN

4.1 Subject to adjustment as provided in Article 16 hereof, the Shares to be offered under the Plan shall consist of authorized but unissued Shares of the Corporation. The aggregate number of Shares issuable upon the exercise of all Options granted under the Plan shall not exceed 10% of the issued and outstanding Shares of the Corporation from time to time. If any Option granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the Shares subject to such unexercised Option shall again be available for the purpose of this Plan.

ARTICLE 5
MAINTENANCE OF SUFFICIENT CAPITAL

5.1 The Corporation shall at all times during the term of the Plan keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

ARTICLE 6
ELIGIBILITY AND PARTICIPATION

6.1 Directors, consultants and employees (and any other person that the Board wishes to grant stock options to) of the Corporation or any of its subsidiaries, and employees of a person or company which provides management services to the Corporation or any of its subsidiaries ("**Management Company Employee(s)**") shall be eligible for selection to participate in the Plan (collectively, the "**Optionees**" and individually, an "**Optionee**"). Subject to compliance with Applicable Laws, Optionees may elect to hold Options granted to them in an incorporated entity wholly-owned by them and such entity shall be bound by the Plan in the same manner as if the Options were held by the Optionee.

6.2 Subject to the terms hereof, the Board shall determine to whom Options shall be granted, the terms and provisions of the respective option agreements, the time or times at which such Options shall be granted and vested, and the number of Shares to be subject to each option.

6.3 The Corporation represents that, in the event that the Corporation wishes to grant Options under the Plan to any director, employee, consultant, or Management Company Employees, it will only grant such Options to Optionees who are bona fide directors, employees, consultants, or Management Company Employees, as the case may be.

6.4 An Optionee who has been granted an Option may, if such Optionee is otherwise eligible, and if permitted under Applicable Laws, be granted an additional Option or Options if the Board shall so determine.

ARTICLE 7
EXERCISE PRICE

7.1

(a) The exercise price of the Shares shall be determined by the Board, subject to applicable Exchange approval, at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange.

(b) Once the exercise price has been determined by the Board and accepted by the Exchange and the Option has been granted, the exercise price of an Option may be reduced upon receipt of Board approval and in compliance with the rules and policies of the Exchange and other Applicable Laws.

ARTICLE 8
NUMBER OF OPTIONED SHARES

8.1

(a) The number of Shares subject to an option granted to any one Optionee shall be determined by the Board, but no one Optionee shall be granted an Option which exceeds the maximum number permitted by the Exchange.

(b) No single Optionee may be granted Options to purchase a number of Shares equaling more than 5% of the issued Shares of the Corporation in any twelve-month period, unless the Corporation meets requirements under Applicable Laws including applicable Exchange requirements.

(c) Options shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued Shares of the Corporation in any twelve-month period to any one consultant of the Corporation (or any of its subsidiaries).

(d) Options shall not be granted if the exercise thereof would result in the issuance of more than 1% of the issued Shares of the Corporation in any twelve-month period to employees conducting Investor Relations Activities (as such term is defined in the policies of the Exchange). Options granted to persons performing Investor Relations Activities will contain vesting provisions such that vesting occurs over at least twelve months with no more than ¼ of the Options vesting in any three-month period.

ARTICLE 9
DURATION OF OPTION

9.1 Each Option and all rights thereunder shall be expressed to expire on the date set out in the option agreement for each Optionee and shall be subject to earlier termination as provided in Articles 11 and 12 hereof, provided that in no circumstances shall the duration of an Option exceed the maximum term permitted by the Exchange. For greater certainty, if the Corporation is listed on the Exchange, the maximum term may not exceed ten (10) years from the date of grant.

ARTICLE 10
OPTION PERIOD, CONSIDERATION AND PAYMENT

10.1

(a) The Option period shall be a period of time fixed by the Board not to exceed the maximum term permitted by the Exchange, provided that the Option period shall be reduced with respect to any Option as provided in Articles 11 and 12 covering cessation as a director, consultant, employee, or Management Company Employee of the Corporation or any of its subsidiaries or death of the Optionee.

(b) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.

(c) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period.

(d) Except as set forth in Articles 11 and 12, no Option may be exercised unless the Optionee is at the time of such exercise a director, consultant, or employee of the Corporation or any of its subsidiaries or a Management Company Employee of the Corporation or any of its subsidiaries.

(e) The exercise of any Option will be contingent upon receipt by the Corporation at its head office of a written notice of exercise, addressed to the chief financial officer of the Corporation, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the Option is exercised. Certificates for such Shares shall be issued and delivered to the Optionee within a reasonable time following the receipt of such notice and payment. Neither the Optionee nor his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any Shares of the Corporation unless and until the certificates for the Shares issuable pursuant to Options under the Plan are issued to him or them under the terms of the Plan and the related option agreement.

(f) Notwithstanding any of the provisions contained in this Plan or in any option agreement, any and all obligations of the Corporation whatsoever to issue Shares to an Optionee pursuant to the exercise of an Option and/or this Plan shall at all times be subject to:

(i) completion of such registration or other qualification of such Shares, and obtaining approval of such governmental authority as the Corporation shall determine to be necessary or advisable in connection with the authorization, issuance or sale thereof;

(ii) the Corporation being satisfied that the issuance of such Shares shall not (whether with notice or the passage of time or both) breach, violate or be contrary to any of its constating documents, partnership agreements,

applicable laws, regulations, stock exchange rules and policies, and other agreements to which it is a party;

(iii) the admission of such Shares to listing on any stock exchange on which the Shares may then be listed; and

(iv) the receipt from the Optionee of such representations, agreements and undertakings, including as to future dealings in such Shares, as the Corporation or its counsel determines to be necessary or advisable in order to safeguard against the violation of the securities laws of any jurisdiction and Applicable Laws.

In connection therewith, the Corporation shall, to the extent necessary, take all reasonable steps to obtain such approvals, registrations and qualifications as may be necessary for the issuance of such Shares in compliance with applicable securities laws and for the listing of such Shares on any stock exchange on which the Shares are then listed.

ARTICLE 11
CEASING TO BE A DIRECTOR, OFFICER, CONSULTANT OR EMPLOYEE

11.1 Subject to Section 11.2, if an Optionee ceases to be a director, employee, consultant, or Management Company Employee of the Corporation or any of its subsidiaries as a result of having been dismissed from any such position for cause, all unexercised Option rights of that Optionee under the Plan shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan and under that Optionee's option agreement.

11.2 If an Optionee ceases to be either a director, employee, consultant, or Management Company Employee of the Corporation or any of its subsidiaries for any reason other than as a result of having been dismissed for cause as provided in Section 11.1 or as a result of the Optionee's death, such Optionee shall have the right for a period of ninety (90) days (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to be either a director, employee, consultant, or Management Company Employee to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to be either a director, employee, consultant, or Management Company Employee. Upon the expiration of such ninety (90) day period all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to such Optionee under the Plan and under that Optionee's option agreement.

11.3 If an Optionee engaged in providing Investor Relations Activities to the Corporation ceases to be employed in providing such Investor Relations Activities, such Optionee shall have the right for a period of thirty (30) days (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of ceasing to provide such Investor Relations Activities to exercise his Option under the Plan to the extent that the Optionee was entitled to exercise it on the date of ceasing to provide such Investor Relations Activities. Upon the expiration of such thirty (30) day period (or the normal expiry date of the Option rights, as applicable) all unexercised Option rights of that Optionee shall immediately become terminated and shall lapse,

notwithstanding the original term of the Option granted to such Optionee under the Plan and under that Optionee's option agreement.

11.4 Nothing contained in the Plan, nor in any Option granted pursuant to the Plan in an option agreement, shall as such confer upon any Optionee any right with respect to continuance as a director, consultant, employee, or Management Company Employee of the Corporation or of any of its subsidiaries.

11.5 Options granted to an individual who is a director, employee, consultant, or Management Company Employee of the Corporation shall not be affected by any change of employment of that individual where the change immediately results in the individual becoming a director, employee, consultant, or Management Company Employee of the Corporation.

ARTICLE 12
DEATH OF OPTIONEE

12.1 In the event of the death of any Optionee, the legal representatives of the deceased Optionee shall have the right for a period of one year (or until the normal expiry date of the Option rights of such Optionee if earlier) from the date of death of the deceased Optionee to exercise the deceased Optionee's Option under the Plan and pursuant to such Optionee's option agreement to the extent that it was exercisable on the date of death. Upon the expiration of such period all unexercised Option rights of the deceased Optionee shall immediately become terminated and shall lapse, notwithstanding the original term of the Option granted to the deceased Optionee under the Plan and option agreement.

ARTICLE 13
RIGHTS OF OPTIONEE

13.1 No person entitled to exercise any Option granted under the Plan shall have any of the rights or privileges of a shareholder of the Corporation in respect of any Shares issuable upon exercise of such Option until certificates representing such Shares shall have been issued and delivered by the Corporation to such person or such person's representative, as applicable.

ARTICLE 14
HOLD PERIOD

14.1 If required by Applicable Laws or by the Exchange any Shares issued upon the exercise of an Option shall be subject to a hold period, and may not be traded for a period of four (4) months plus a day from the date of grant (and/or any other applicable hold period(s)).

ARTICLE 15
PROCEEDS FROM SALE OF SHARES

15.1 The proceeds from the sale of Shares issued upon the exercise of Options shall be added to the general funds of the Corporation and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

ARTICLE 16
ADJUSTMENTS

16.1 If the outstanding Shares of the Corporation are increased, decreased, changed into or exchanged for a different number or kind of shares or securities of the Corporation through re-organization, merger, re-capitalization, re-classification, stock dividend, subdivision, or consolidation, or other similar transaction, an appropriate and proportionate adjustment shall be made by the Board in its discretion in the number or kind of Shares optioned and the exercise price per Share, as regards previously granted and unexercised Options or portions thereof, and as regards Options which may be granted subsequent to any such change in the Corporation's capital.

Adjustments under this Article shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional shares shall be required to be issued under the Plan on any such adjustment.

16.2 Upon the liquidation or dissolution of the Corporation, the Plan shall terminate, and any Options granted hereunder shall terminate. In the event of a re-organization, merger or consolidation of the Corporation with one or more corporations as a result of which the Corporation is not the surviving corporation, or upon the sale of substantially all of the property or more than eighty (80%) percent of the then outstanding Shares of the Corporation to another corporation (a "**Change of Control**") all Options granted which have not yet vested shall immediately vest without consideration as to time or any other vesting provision set forth in the Plan or stock option agreement governing such Options, provided that such vesting is not in violation of the then current policies of the Exchange, if applicable, and all Optionees then entitled to exercise Options then outstanding shall have the right at such time immediately prior to consummation of the Change of Control to exercise their Options to the full extent not theretofore exercised. Upon consummation of the Change of Control, the Plan shall terminate and any Options theretofore granted hereunder that remain unexercised upon termination shall also terminate.

ARTICLE 17
TRANSFERABILITY

17.1 All benefits, rights and Options accruing to any Optionee in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or to the extent, if any, permitted by the Exchange. During the lifetime of an Optionee any benefits, rights and Options may only be exercised by the Optionee.

ARTICLE 18
AMENDMENT AND TERMINATION OF PLAN

18.1 Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan, provided that no such amendment or revision shall alter the terms of any Options theretofore granted under the Plan, unless allowed under and pursuant to Applicable Laws.

ARTICLE 19
NECESSARY APPROVALS

19.1 The ability of an Optionee to exercise Options and the obligation of the Corporation to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from any regulatory authority or stock exchange having jurisdiction over the securities of the Corporation and subject to Applicable Laws. If any Shares cannot be issued to any Optionee for whatever reason, the obligation of the Corporation to issue such Shares shall terminate and any Option exercise price paid to the Corporation will be returned to the Optionee.

ARTICLE 20
EFFECTIVE DATE OF PLAN

20.1 The Plan has been adopted by the Board subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

ARTICLE 21
INTERPRETATION

21.1 The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia and the applicable Federal laws of Canada therein.

21.2 Nothing in this Plan or in any Option shall confer upon any director, employee, consultant, or Management Company Employee any right to continue in the employ of the Corporation or any of its subsidiaries or affect in any way the right of the Corporation or any of its subsidiaries to terminate his employment at any time. Nor shall anything in this Plan or in any Option be deemed or construed to constitute an agreement, or an expression of intent, on the part of the Corporation or any of its subsidiaries to extend the employment of any Optionee beyond the time that he or she would normally be retired pursuant to the provisions of any present or future retirement plan of the Corporation or any of its subsidiaries or beyond the time at which he or she would otherwise be retired pursuant to the provisions of any contract of employment with the Corporation or any of its subsidiaries.

21.3 Nothing in this Plan or any Option shall confer on any Optionee any right to continue providing ongoing services to the Corporation or any of its subsidiaries, or affect in any way the right of the Corporation or any of its subsidiaries to terminate his, her or its contract at any time. Nor shall anything in this Plan, any Option, or option agreement be deemed or construed as an agreement, or an expression of intent, on the part of the Corporation or any of its subsidiaries to extend the time for the performance of the ongoing services beyond the time specified in the contract with any such entity.

21.5 References herein to any gender include all genders.

Appendix F

H-SOURCES HOLDINGS LTD.
(the "Company")

AUDIT COMMITTEE CHARTER

1. Mandate

The audit committee will assist the board of directors (the "**Board**") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the audit committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each audit committee member must obtain an understanding of the principal responsibilities of audit committee membership as well and the Company's business, operations and risks.

2. Composition

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

2.1 Independence

A majority of the members of the audit committee must not be officers, employees or control persons of the Company.

2.2 Expertise of Committee Members

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. At least one member of the audit committee must have accounting or related financial management expertise. The Board shall interpret the qualifications of financial literacy and financial management expertise in its business judgment and shall conclude whether a director meets these qualifications.

3. Meetings

The audit committee shall meet in accordance with a schedule established each year by the Board, and at other times that the audit committee may determine. The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

4. Roles and Responsibilities

The audit committee shall fulfill the following roles and discharge the following responsibilities:

4.1 External Audit

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

(a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;

(b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;

(c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;

(d) review and recommend to the Board the compensation to be paid to the external auditors; and

(e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

4.2 Internal Control

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

(a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company; and

(b) ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

4.3 Financial Reporting

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

General

(a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and

(b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

Annual Financial Statements

(a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;

(b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and

(c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

Interim Financial Statements

(a) review and approve the interim financial statements prior to their release to the public; and

(b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

Release of Financial Information

(a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

4.4 Non-Audit Services

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

Delegation of Authority

(a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

De-Minimis Non-Audit Services

(a) The audit committee may satisfy the requirement for the pre-approval of non-audit services if:

(i) the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount

of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or

(ii) the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

Pre-Approval Policies and Procedures

(a) The audit committee may also satisfy the requirement for the pre-approval of non-audit services by adopting specific policies and procedures for the engagement of non-audit services, if:

(i) the pre-approval policies and procedures are detailed as to the particular service;

(ii) the audit committee is informed of each non-audit service; and

(iii) the procedures do not include delegation of the audit committee's responsibilities to management.

4.5 Other Responsibilities

The audit committee shall:

(a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;

(b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;

(c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;

(d) review the policies and procedures in effect for considering officers' expenses and perquisites;

(e) perform other oversight functions as requested by the Board; and

(f) review and update this Charter and receive approval of changes to this Charter from the Board.

4.6 Reporting Responsibilities

The audit committee shall regularly update the Board about audit committee activities and make appropriate recommendations.

5. Resources and Authority of the Audit Committee

The audit committee shall have the resources and the authority appropriate to discharge its responsibilities, including the authority to

(a) engage independent counsel and other advisors as it determines necessary to carry out its duties;

(b) set and pay the compensation for any advisors employed by the audit committee; and

(c) communicate directly with the internal and external auditors.

6. Guidance – Roles & Responsibilities

The following guidance is intended to provide the audit committee members with additional guidance on fulfilment of their roles and responsibilities on the committee:

6.1 Internal Control

(a) evaluate whether management is setting the goal of high standards by communicating the importance of internal control and ensuring that all individuals possess an understanding of their roles and responsibilities;

(b) focus on the extent to which external auditors review computer systems and applications, the security of such systems and applications, and the contingency plan for processing financial information in the event of an IT systems breakdown; and

(c) gain an understanding of whether internal control recommendations made by external auditors have been implemented by management.

6.2 Financial Reporting

General

(a) review significant accounting and reporting issues, including recent professional and regulatory pronouncements, and understand their impact on the financial statements; and

(b) ask management and the external auditors about significant risks and exposures and the plans to minimize such risks; and

(c) understand industry best practices and the Company’s adoption of them.

Annual Financial Statements

(a) review the annual financial statements and determine whether they are complete and consistent with the information known to committee members, and assess whether

the financial statements reflect appropriate accounting principles in light of the jurisdictions in which the Company reports or trades its shares;

(b) pay attention to complex and/or unusual transactions such as restructuring charges and derivative disclosures;

(c) focus on judgmental areas such as those involving valuation of assets and liabilities, including, for example, the accounting for and disclosure of loan losses; warranty, professional liability; litigation reserves; and other commitments and contingencies;

(d) consider management's handling of proposed audit adjustments identified by the external auditors; and

(e) ensure that the external auditors communicate all required matters to the committee.

Interim Financial Statements

(a) be briefed on how management develops and summarizes interim financial information, the extent to which the external auditors review interim financial information;

(b) meet with management and the auditors, either telephonically or in person, to review the interim financial statements; and

(c) to gain insight into the fairness of the interim statements and disclosures, obtain explanations from management on whether:

(i) actual financial results for the quarter or interim period varied significantly from budgeted or projected results;

(ii) changes in financial ratios and relationships of various balance sheet and operating statement figures in the interim financials statements are consistent with changes in the company's operations and financing practices;

(iii) generally accepted accounting principles have been consistently applied;

(iv) there are any actual or proposed changes in accounting or financial reporting practices;

(v) there are any significant or unusual events or transactions;

(vi) the Company's financial and operating controls are functioning effectively;

(vii) the Company has complied with the terms of loan agreements, security indentures or other financial position or results dependent agreement; and

(viii) the interim financial statements contain adequate and appropriate disclosures.

6.3 Compliance with Laws and Regulations

(a) periodically obtain updates from management regarding compliance with this policy and industry “best practices”;

(b) be satisfied that all regulatory compliance matters have been considered in the preparation of the financial statements; and

(c) review the findings of any examinations by securities regulatory authorities and stock exchanges.

6.4 Other Responsibilities

(a) review, with the Company’s counsel, any legal matters that could have a significant impact on the Company’s financial statements.

CERTIFICATE OF THE ISSUER

Dated: September 18, 2015

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia.

"John Kupice"

John Kupice
Chief Executive Officer

"Denise Lok"

Denise Lok
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS OF H-SOURCE HOLDINGS LTD. (Formerly 1018763 B.C. LTD.)

Dated: September 18, 2015

"Murray Walden"

Murray Walden

"Ronald Overstreet"

Ronald Overstreet

"Savio Chiu"

Savio Chiu

CERTIFICATE OF THE PROMOTERS

Dated: September 18, 2015

This non-offering prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously offered by the issuer as required by the securities legislation of British Columbia.

"Nick Ayling"

Nick Ayling

"John Kupice"

John Kupice

"Murray Walden"

Murray Walden