FORM 51–102F3
MATERIAL CHANGE REPORT
UNDER NATIONAL INSTRUMENT 51-102

Item 1. Name and Address of Company

H-SOURCE HOLDINGS LTD. (the "Company")
Suite 1980, 1075 West Georgia Street
Vancouver, British Columbia

Telephone: 1-604-688-9588

Item 2. Date of Material Change

July 12, 2018

Item 3. News Release

News release dated July 12, 2018 was disseminated via newswire services and concurrently filed SEDAR.

Item 4. Summary of Material Change

The Company has completed its offering and sale of an aggregate 7,666,667 common shares at a price of C$0.15 per common share for aggregate gross proceeds of C$1,150,000.05 pursuant to the terms of an agency agreement dated July 12, 2018 between the Company, Mackie Research Capital Corporation as lead agent and sole book-runner and Bayfront Capital Partners Ltd.

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

The Company has completed its private placement offering (the "**Offering**") of common shares of the Company pursuant to an agency agreement dated July 12, 2018 between H-Source, Mackie Research Capital Corporation, as lead agent and sole book-runner ("**Mackie**") and Bayfront Capital Partners Ltd. (with Mackie, the "**Agents**"). Pursuant to the Offering, H-Source sold an aggregate 7,666,667 common shares at a price of C$0.15 per common share for aggregate gross proceeds of C$1,150,000.05, which includes 1,000,000 common shares sold pursuant an over-allotment option granted to the Agents which was exercised in full.

Upon closing of the Offering, the Agents received from the Company a commission equal to 7.5% of the gross proceeds arising from the Offering, subject to certain exclusions. As additional compensation, the Agents were issued non-transferable warrants (the "**Compensation Options**") to acquire common shares from treasury in an amount equal to 7.5% of the common shares issued pursuant to the Offering, subject to certain exclusions. The Compensation Options are exercisable at a price of C$0.15 per Compensation Option until January 12, 2020.

The net proceeds of the Offering will be used for general working capital purposes.

All of the securities of the Company issued under the Offering are subject to a hold period which will expire on November 13, 2018 in accordance with applicable Canadian securities laws.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51–102

Not applicable.

Item 7. Omitted Information

Not applicable.

Item 8. Executive Officer

John Kupice, CEO and Director
H-Source Holdings Ltd.

Item 9. Date of Report

July 12, 2018.