Hilltop Cybersecurity Inc.

(formerly Big Wind Capital Inc.)

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED
DECEMBER 31, 2017

Hilltop Cybersecurity Inc.
(formerly Big Wind Capital Inc.)
Condensed Interim Consolidated Statements of Financial Position
Expressed in Canadian Dollars

	Note	**December 31, 2017**	June 30, 2017
		$	$
Assets			
Current assets:			
Cash		**2,123,462**	138,026
Sales tax receivable		**33,449**	9,424
Advances	**7, 8**	**770,075**	-
		2,926,986	147,450
Exploration and evaluation assets	**5**	**-**	-
Total Assets		**2,926,986**	147,450
Liabilities			
Current Liabilities:			
Accounts payable and accrued liabilities	**7**	**275,529**	231,418
Promissory note payable	**7**	**838,640**	-
		1,114,169	231,418
Shareholders' Equity (Deficiency)			
Share capital	**6**	**6,258,796**	3,519,955
Share subscriptions received	**6**	**618,534**	-
Reserves		**276,691**	208,951
Deficit		**(5,341,204)**	(3,812,874)
		1,812,817	(83,968)
Total Liabilities and Shareholders' Equity (Deficiency)		**2,926,986**	147,450

Nature of Operations and Going Concern (Note 1)
Commitments and Contingencies (Note 8)
Subsequent Events (Note 11)

Approved on Behalf of the Board of Directors:

“/s/ Devinder Randhawa”	*“/s/ Ross McElroy”*
Director	Director

The accompanying notes are integral to these interim consolidated financial statements.

Hilltop Cybersecurity Inc.
(formerly Big Wind Capital Inc.)
Condensed Interim Consolidated Statements of Net Loss and Comprehensive Loss
Expressed in Canadian dollars

		For the three months ended		For the six months ended	
		December 31, 2017	December 31, 2016	**December 31, 2017**	December 31, 2016
		$	$		
General and administrative expenses					
Consulting and management fees	**7**	**1,117,794**	37,500	**1,158,794**	75,000
Office and administration	**7**	**55,978**	254	**63,259**	464
Professional fees		**23,096**	11,120	**52,335**	11,120
Public relations and communications		**140,786**	3,979	**141,671**	4,642
Regulatory and transfer agent		**46,278**	4,955	**49,731**	7,695
Rent	**7**	**-**	600	**-**	1,200
Loss before other items		**(1,383,932)**	(58,408)	**(1,465,790)**	(100,121)
Other items – income (expense)					
Share-based payments	**6**	**-**	-	**(67,740)**	-
Exploration and evaluation write-down		**-**	(12,500)	**-**	(12,500)
Foreign exchange gain on promissory note payable	**7**	**-**	-	**5,200**	-
		-	(12,500)	**(62,541)**	(12,500)
Net loss and comprehensive loss for the year		**(1,383,932)**	(70,898)	**(1,528,330)**	(112,621)
Basic and diluted loss per common share		**(0.04)**	(0.00)	**(0.05)**	(0.01)
Weighted average number of common shares outstanding		**37,369,457**	26,639,727	**32,467,825**	26,639,727

The accompanying notes are integral to these interim consolidated financial statements.

Hilltop Cybersecurity Inc.
(formerly Big Wind Capital Inc.)
Condensed Interim Consolidated Statements of Changes in Equity (Deficiency)
Expressed in Canadian Dollars

	Share Capital					
	Number of Shares	Amount	Share Subscriptions Received	Reserves	Deficit	Total Shareholders' Equity (Deficiency)
		$	$	$	$	$
Balance, June 30, 2016	26,639,727	3,329,955	-	208,951	(3,320,477)	218,429
Net loss for the period	-	-	-	-	(112,621)	(112,621)
Balance, December 31, 2016	26,639,727	3,329,955	-	208,951	(3,433,098)	105,808
Balance, June 30, 2017	**30,439,727**	**3,519,955**	-	**208,951**	**(3,812,874)**	**(83,968)**
Private placement proceeds	**11,022,546**	**2,528,841**	-	**-**	**-**	**2,528,841**
Share subscriptions received	**-**	**-**	**618,534**	**-**	**-**	**618,534**
Shares issued from warrant exercise	**3,000,000**	**210,000**	-	**-**	**-**	**210,000**
Share-based payments				**67,740**	**-**	**67,740**
Net loss for the period	**-**	**-**	-	**-**	**(1,528,330)**	**(1,528,330)**
Balance, December 31, 2017	**44,462,273**	**6,877,330**	**618,534**	**67,740**	**(5,341,204)**	**1,812,817**

The accompanying notes are integral to these interim consolidated financial statements.

Hilltop Cybersecurity Inc.
(formerly Big Wind Capital Inc.)
Condensed Interim Consolidated Statements of Cash Flows
For the Six Months Ended December 31, 2017 and 2016
Expressed in Canadian Dollars

	For the six months ended	
	December 31, 2017	December 31, 2016
	$	$
Cash (used in) provided by:		
Operating activities		
Net loss for the period	**(1,528,330)**	(112,621)
Non-cash items:		
Share-based payments	**67,740**	-
Foreign exchange gain on promissory note payable	**-**	-
Exploration and evaluation write-down	**-**	12,500
Changes in non-cash working capital:		
(Increase) decrease in sales tax receivable	**(24,025)**	2,327
(Increase) decrease in prepaid and advances	**(770,075)**	125
Increase (decrease) in accounts payable and accrued liabilities	**168,911**	84,256
Net cash used by operating activities	**(2,085,779)**	(13,413)
Financing activities		
Private placement proceeds	**2,528,842**	-
Proceeds intended for private placements	**618,533**	-
Proceeds from warrant exercises	**210,000**	-
Related party advances	**713,840**	-
Net cash from financing activities	**4,071,215**	
Increase (decrease) in cash	**1,985,436**	(13,413)
Cash, beginning of period	**138,026**	19,437
Cash, end of period	**2,123,462**	6,024

The accompanying notes are integral to these interim consolidated financial statements.

1. NATURE OF OPERATIONS AND GOING CONCERN

Hilltop Cybersecurity Inc. (the "Company" or "BWC"), formerly Big Wind Capital Inc., is a company incorporated on June 30, 2005 under the Business Corporation Act of British Columbia, Canada. The registered office of the Company is 700-595 Howe Street, Vancouver, British Columbia, V6C 2T5. The principle address and records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2. The Company's shares are publicly listed on the Canadian Securities Exchange ("CSE") under the symbol "BWC". The Company changed its name to Hilltop Security Inc. on February 19, 2018.

The Company is a natural resource company engaged in the acquisition and exploration of resource properties in North America. The Company presently has no proven or probable reserves and on the basis of information to date, it has yet to determine whether these properties contain economically recoverable ore reserves.

On June 30, 2017, the Company entered into a letter of intent (the "LOI") with Hilltop Security, Inc. ("HTSI") (see Note 8).

These interim consolidated financial statements have been prepared by management on a going concern basis with the assumption that the Company will continue for the foreseeable future and will be able to meet its obligations to continue operations. Management has carried out an assessment of the going concern assumption and concludes that the continued operations of the Company are dependent upon equity financing and/or joint venturing project development as primary sources of funding. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

The realized values of net assets may be significantly different from carrying values shown and these consolidated financial statements do not give effect to adjustments to the carrying values and classification of assets and liabilities that would be necessary should the Company be unable to continue as a going concern.

The Company had a $1,528,330 net loss for the six months ended December 31, 2017 (December 31, 2016 - $112,621). The accumulated deficit recorded as at December 31, 2017 is $5,341,204 (June 30, 2017 - $3,812,874). As at December 31, 2017, the Company had a working capital of $1,812,817 (June 30, 2017 - $83,968 deficiency).

2. BASIS OF PRESENTATION

These interim consolidated financial statements, including comparative figures, have been prepared using accounting policies in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting standards Board ("IASB").

These consolidated financial statements have been prepared in Canadian dollars on a historical cost basis except for certain financial instruments which are measured at fair value. They include the previously wholly-owned U.S. subsidiary, dormant, Toro Resources Inc. ("TRI").

The issuance of these interim consolidated financial statements has been authorized by the Board of Directors on February 20, 2018.

2. BASIS OF PRESENTATION (Continued)

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the review affects both current and future periods. See Note 4 for critical accounting estimates and judgments made by management in the application of IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these consolidated financial statements set out below have been applied consistently in all material respects.

Statement of compliance

These unaudited interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting. Accordingly, they do not include all of the information and disclosures required by International Financial Reporting Standards ("IFRS") for annual statements.

Principles of Consolidation

These interim consolidated financial statements include the accounts of the Company and its previously wholly-owned Nevada subsidiary, Toro Resources Inc. During the year ended June 30, 2017, the Company wound up this subsidiary, and therefore will no longer be a consolidated entity going forward.

Basic and Diluted Loss per Share

Basic loss per share is computed by dividing the net loss for the year by the weighted average number of common shares outstanding during the year. Diluted earnings per share reflect the dilution that could occur if potentially dilutive securities were exercised or converted to common stock. The dilutive effect of options and warrants and their equivalent is computed by application of the treasury stock method and the effect of convertible securities by the "if converted" method. Diluted amounts are not presented when the effect of the computations are anti-dilutive due to the losses incurred. Accordingly, there is no difference in the amounts presented for basic and diluted loss per share.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash which are subject to insignificant risk of change, with maturities within three months, held for the purpose of meeting short-term cash commitments rather than for investing or other purposes. At December 31, 2017 and June 30, 2017 the Company held no cash equivalents.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and Evaluation Assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures for mineral properties

Once the legal right to explore a property has been acquired, exploration and evaluation expenditures are recognized and capitalized. Mineral exploration costs are capitalized on an individual prospect basis until such time as an economic ore body is defined or the prospect is abandoned. Once the technical feasibility and commercial viability of extraction of the mineral resources has been determined, the property is considered to be a property under development and is reclassified as such. Costs for a producing prospect are amortized on a unit-of-production method based on the estimated life of the ore reserves, while those costs for the prospects abandoned are written off.

On an annual basis or when impairment indicators arise, the Company evaluates the future recoverability of its mineral property costs. Impairment losses or write-downs are recorded in the event the net book value of such assets exceeds the estimated indicated future cash flows attributable to such assets.

The recoverability of the amounts capitalized for the undeveloped mineral property is dependent upon the determination of economically recoverable ore reserves, confirmation of the Company's interest in the underlying mineral claims, the ability to obtain the necessary financing to complete their development, and future profitable production or proceeds from the disposition thereof.

Title to mineral properties involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history characteristic of many mineral properties. The Company has investigated title to its mineral properties and, to the best of its knowledge, the title to its properties are in good standing.

Management's capitalization of exploration and evaluation expenditures and assumptions regarding the future recoverability of such costs are subject to significant measurement uncertainty. Management's assessment of recoverability is based on, among other things, the Company's estimate of current mineral reserves and resources which are supported by geological estimates, estimated commodity prices, and the procurement of all necessary regulatory permits and approvals. These assumptions and estimates could change in the future and this could materially affect the carrying value and the ultimate recoverability of the amounts recorded for mineral properties.

Share-based Payments

Equity-settled share-based payments for directors, officers and employees are measured at fair value at the date of grant and recorded as compensation expense in the financial statements. The fair value determined at the grant date of the equity-settled share-based payments is expensed using the graded vesting method over the vesting period based on the Company's estimate of shares that will eventually vest. Any consideration paid by directors, officers, employees and consultants on exercise of equity-settled share-based payments is credited to share capital. Shares are issued from treasury upon the exercise of equity-settled share-based instruments.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based Payments (Continued)

Compensation expense on stock options granted to non-employees is measured at the earlier of the completion of performance and the date the options are vested using the fair value method and is recorded as an expense in the same period as if the Company had paid cash for the goods or services received.

When the value of goods or services received in exchange for the share-based payment cannot be reliably estimated, the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioral considerations.

Income Taxes

Income tax expense is comprised of current and deferred tax. Current and deferred tax is recognized in the statement of net loss and comprehensive loss except to the extent that it relates to a business combination or items recognized directly in equity or other comprehensive income, in which case the income tax is also recognized directly in equity or other comprehensive income.

Current income taxes are the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted, at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities are recognized in respect of all qualifying temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the statement of financial position date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Deferred tax assets and liabilities are presented as non-current.

Impairment of Long-lived Assets

The Company's tangible and intangible assets are reviewed for an indication of impairment at each statement of financial position date. If indication of impairment exists, the asset's recoverable amount is estimated.

An impairment loss is recognized when the carrying amount of an asset, or its cash-generating unit, exceeds its recoverable amount. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Impairment losses are recognized in the statement of net loss and comprehensive loss for the period. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of Long-lived Assets (Continued)

The recoverable amount is the greater of the asset's fair value less costs 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 current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is reversed if there is an indication that there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. An impairment loss with respect to goodwill is never reversed.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

At initial recognition, the Company classifies its financial assets in the following categories depending on the purpose for which the instruments were acquired: financial assets at fair value through profit or loss ("FVTPL"), held-to-maturity investments, available for sale ("AFS") financial assets and loans and receivables.

The Company has classified cash and advance on first closing as FVTPL.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired.

For financial assets carried at amortized cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of all financial assets, excluding trade receivables, is directly reduced by the impairment loss. The carrying amount of trade receivables is reduced through the use of an allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in the statement of net loss and comprehensive loss.

Impairment losses on loans and receivables carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on available-for-sale financial instruments are not reversed.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at FVTPL, or other financial liabilities, as appropriate.

Financial Instruments (Continued)

The Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value.

The Company's financial liabilities include accounts payable and accrued liabilities and promissory note payable, which are classified as other financial liabilities. Subsequent to initial recognition, other financial liabilities are measured at amortized cost using the effective interest method.

Rehabilitation Provisions

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of tangible long-lived assets, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates is capitalized to the amount of the related asset along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as the related asset. The liability is progressively increased each period as the effect of discounting unwinds, creating an expense recognition in the statement of net loss and comprehensive loss.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related asset with a corresponding entry to the rehabilitation provision.

The Company's estimates are reviewed at each reporting date for changes in regulatory requirements, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to the statement of net loss and comprehensive loss for the year.

Translation of Foreign Currencies

The functional currency of the Company's foreign subsidiary was the Canadian dollar, being the currency of the primary economic environment of the parent entity. The consolidated financial statements are presented in Canadian dollars which is the parent company's functional and presentation currency.

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 and not subsequently restated.

(Expressed in Canadian Dollars) CSE: BWC

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

IFRS Standards, Amendments and Interpretations

Accounting standards issued but not yet effective

Effective for annual periods beginning on or after January 1, 2018:
- IFRS 9, Financial Instruments;
- IFRS 15, Revenue From Contracts with Customers; and
- IFRS 16, Leases.

The Company has not early adopted these new standards and does not expect the impact of these standards on the Company's consolidated financial statements to be material.

4. CRITICAL ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The following are critical judgments that management has made in the process of applying accounting policies and that have the most significant effect on the amounts recognized in the consolidated financial statements:

i) The determination that the Company will continue as a going concern for the next year.

5. EXPLORATION AND EVALUATION ASSETS

Although the company has taken steps to verify title to mineral properties in which it has an interest, these procedures do not guarantee the Company’s title. Such properties may be subject to prior agreements and title may be affected by undetected defects.

	TAXCO	LA RONGE	TOTAL
	$	$	$
BALANCE, JUNE 30, 2015	**12,500**	**-**	**12,500**
ACQUISITION	**-**	**285,000**	**285,000**
BALANCE, JUNE 30, 2016	**12,500**	**285,000**	**297,500**
ACQUISITION	**-**	**-**	**-**
IMPAIRMENT	**(12,500)**	**(285,000)**	**(297,500)**
BALANCE, JUNE 30, 2017	**-**	**-**	**-**

5. EXPLORATION AND EVALUATION ASSETS (Continued)

La Ronge Gold Belt, Saskatchewan, Canada

In June 2016, the Company entered into a claim purchase agreement to acquire a 100% interest in 39 mineral claims in the La Ronge Gold Belt and the Flin Flon Greenstone Belt region of northern Saskatchewan. The Company accrued a $35,000 payment and issued 5,000,000 common shares at a value of $0.05 per share to Mr. Ross McElroy.

During the year ended June 30, 2017, the Company decided not to pursue this project. A loss on the write-down of this exploration and evaluation asset was recorded in the amount of $285,000.

Taxco Property, British Columbia, Canada

During the year ended June 30, 2014, the Company entered into an option agreement to acquire the Taxco property from 1002679 B.C. Ltd.

During the year ended June 30, 2017, the Company relinquished all rights to the Taxco property. In agreement with 1002679 B.C. Ltd., no further cash payments or share issuances are required, and no liability will be incurred going forward. A loss on the write-down of this exploration and evaluation asset was recorded in the amount of $12,500.

6. SHARE CAPITAL

a) Authorized:

Unlimited voting common shares without par value
Unlimited non-voting preferred shares with a par value of $1 each (none issued)

b) Issued and Outstanding - Common Shares:

For the six months ended December 31, 2017

On July 4, 2017, the Company announced it would raise no less than $1,000,000 at a price of $0.15 per common share. As at December 31, 2017, the Company had received $618,534 of funds intended for this private placement.

On November 5, 2017, the Company closed the first tranche of its July 4, 2017, previously announced private placement issuing 3,355,000 shares at $0.15 per share for gross proceeds of $503,250.

On October 19, 2017 and November 15, 2017, the Company received 2,000,000 and 1,000,000, respectively, in share purchase warrant exercises for gross proceeds of $210,000

On November 24, 2017, the Company closed the second tranche of its July 4, 2017, previously announced private placement issuing 3,290,247 shares at $0.15 per share for gross proceeds of $493,357.

On November 30, 2017, the Company closed the first tranche of its July 4, 2017, previously announced private placement issuing 4,377,299 Units at $0.35 per share for gross proceeds of $1,532,055. Each Unit comprises one common share and one share purchase warrant exercisable for two years at $0.40 per share.

For the year ended June 30, 2017

On March 20, 2017, the Company completed a non-brokered private placement of 3,800,000 units ("Units") at a price of $0.05 per Unit for aggregate gross proceeds of $190,000. Each Unit was comprised of one common share ("Share") and one Share purchase warrant of the Company ("Warrant"). Each Warrant entitles the holder to purchase one Share at an exercise price of $0.07 per Share for a period of 12 months.

c) Share Purchase Warrants

For the year ended June 30, 2017

As at December 31, 2017, the Company had 5,177,299 share purchase warrants outstanding with a weighted average exercise price of $0.35 and weight average life of 2.16 years.

d) Stock Options

The Company has a stock option plan that provides for the issuance of stock options to its officers, directors, employees and consultants. Stock options must be non-transferable and the aggregate number of shares that may be reserved for issuance pursuant to stock options may not exceed 10% of the issued shares of the Company at the time of granting and may not exceed 5% to any individual.

The exercise price of stock options is determined by the board of directors of the Company at the time of grant and may not be less than the closing market price of the Company's shares on the day immediately prior to the award date, less any discount which may be permitted by the exchange on which the Company is listed. Options have a maximum term of five years. Upon exercise of any stock options, consideration paid by the option holder together with the amount previously recognized in contributed surplus is recorded as an increase to share capital.

On July 17, 2017, the Company granted 3,000,000 stock options to various officers, directors and consultants. The options are exercisable at $0.45 per share and expire on July 17, 2019, and follow a vesting schedule whereby 10% of the options vest immediately and the remaining options vest in equal portions on the dates that are three, six, nine, twelve, fifteen and eighteen months after grant date. The weighted average fair value of $0.45 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of $0.41, expected life of stock option of 2 years, volatility of 111.14%, annual rate of dividends of 0.00% and a risk free rate of 0.66%. The Company recognized stock-based compensation of $67,740 during the period ended December 31, 2017.

(Expressed in Canadian Dollars) CSE: BWC

7. RELATED PARTY TRANSACTIONS

The following related party transactions were in the normal course of operations and measured at the exchange amount, which is the amount established and agreed to by the related parties. Unless otherwise noted, amounts due to and from related parties were non-interest bearing, unsecured and had no fixed terms of repayment.

a) Key management includes the CEO and CFO, who have authority and responsibility for planning, directing, and controlling the activities of the Company. During the six months ended December 31, 2017 and 2016, the Company incurred the following expenses paid or payable to key management personnel and directors, and to companies with a common director or officer:

	Six Months Ended December 31,	
	2017	2016
Amounts paid or payable to key management personnel:		
Consulting fees	**$ 117,750**	$ **37,500**
Amounts paid or payable to other related parties:		
Office expenses	**-**	**180**
Rent	**-**	**600**
	-	**780**
	$ 117,750	$ **38,280**

b) Included in accounts payable and accrued liabilities is $224,065 (June 30, 2017 – $230,558) payable to executives of the Company, and related corporations with related directors and executives.

c) In April 2016, RD Capital Inc. loaned the Company $25,000. The amount is non-interest bearing with no fixed terms of repayment. In January 2017, an additional $25,000 was loaned to the Company from RD Capital Inc. with the same terms. In March 2017, the Company repaid the loans.

d) As part of LOI between the Company and HTSI, the Chief Executive Officer of the Company advanced USD$100,000 ($124,800) to HTSI on July 6, 2017. A promissory note for USD$100,000 was signed by the Company. The promissory note is unsecured, non-interest bearing, due on demand and can be repaid in whole or in part at any time without notice, penalty or bonus. At December 31, 2017, the balance payable was CDN $124,800. See Note 8.

e) On October 23, 2017, and November 2, 2017, the spouse of the CEO loaned the Company $455,000 and $258,840, respectively. The amounts are non-interest bearing with no fixed terms of repayment. The funds were used as part of the HTSI advance.

8. COMMITMENTS AND CONTINGENCIES

On June 30, 2017, the Company entered into a LOI with HTSI. Pursuant to the LOI, the Company and HTSI will execute a definitive agreement that replaces and supersedes the LOI. Pursuant to the LOI:

- The Company will acquire 49% of the issued and outstanding common shares of HTSI and certain of HTSI's assets (as defined) in two sequential closings. The selling shareholders will retain 51% of the post-issuance outstanding common shares of HTSI.
- At the first closing, the Company will acquire 487 shares (15%) of HTSI from a founder of HTSI by making an aggregate cash payment of USD $160,000 for the shares and the cancellation of a promissory note. The Company will then pay HTSI USD $500,000 and HTSI will issue an additional 10% interest to the Company.
- At the second closing, HTSI will issue an additional 24% interest to the Company, HTSI will sell certain assets to the Company, the Company will pay HTSI USD $1,500,000 and the Company will issue shares to the selling shareholders equal to an aggregate post-issuance interest of 45% of the Company.
- The Company will grant HTSI a perpetual, worldwide, royalty-free license in the assets and all inventions and improvements derived from the assets.
- The Company will advance USD $100,000 to HTSI *(paid July 6, 2017)* towards the USD $500,000 noted above (paid November 24, 2017). If the LOI is terminated for cause (as defined) by the Company, the advance becomes a non-refundable deposit. If the LOI is terminated for any other reason, HTSI must repay the advance within five days of termination.
- The closing of the transaction is subject to specified conditions including all necessary regulatory approvals and the approval of the Canadian Stock Exchange (the "CSE").

Unless extended by mutual agreement, the LOI will terminate on the earlier of the execution date of the definitive agreement, December 22, 2017 and the date the transaction is rejected by the CSE or any other governmental authority and all avenues of appeal have been exhausted.

9. CAPITAL DISCLOSURES

The Company was formed for the purpose of acquiring exploration and development stage natural resource properties. The Board determines the Company's capital structure and makes adjustments to it based on funds available to the Company in order to support the acquisition, exploration and development of mineral properties. The Directors have not established quantitative return on capital criteria for capital management.

The Company does not generate any revenue, and accordingly, the Company will be dependent in the future upon external financing to fund future exploration programs and its administrative costs. The Company will spend existing working capital and raise additional amounts as needed.

The directors review their capital management approach on an ongoing basis and believe that this approach, given the relative size of the Company, is reasonable.

The Company's objective when managing capital is to safeguard the Company's ability to continue as a going concern, assuring continued returns for shareholders and benefits for other stakeholders.

(Expressed in Canadian Dollars) CSE: BWC

9. CAPITAL DISCLOSURES (Continued)

The Company considers the items included in the statement of shareholders' equity (deficiency) as capital. 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. In order to maintain or adjust the capital structure, the Company may issue new shares through private placements, sell assets to reduce debt or return capital to shareholders. The Company has no externally imposed capital requirements.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

IFRS 7 establishes a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value as follows:

Level 1 – Applies to assets or liabilities for which there are quoted prices in active markets for identical assets or liabilities.

Level 2 – Applies to assets or liabilities for which there are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly such as quoted prices for similar assets or liabilities in active markets or indirectly such as quoted prices for identical assets or liabilities in markets with insufficient volume or infrequent transactions.

Level 3 – Applies to assets or liabilities for which there are unobservable market data.

The Company has no assets or liabilities subject to fair value measurement on a recurring basis. For assets and liabilities measured at fair value on a non-recurring basis, the following table provides the fair value measures by level of valuation assumptions used:

	FAIR VALUE INPUT LEVEL	**Period Ended December 31, 2017 CARRYING AMOUNT**	**Period Ended December 31, 2017 ESTIMATED FAIR VALUE**	Year Ended JUNE 30, 2017 CARRYING AMOUNT	Year Ended JUNE 30, 2017 ESTIMATED FAIR VALUE
Financial Assets:					
Cash	1	**$ 2,123,462**	**$ 2,123,462**	$ **138,026**	**$ 138,026**

Due to the relatively short-term nature of cash and accounts payable and accrued liabilities, the fair value of these instruments approximates their carrying value. Risk management is carried out by the Company's management team with guidance from the Board of Directors.

The Company's risk exposures and their impact on the Company's financial instruments are summarized below:

a) Credit Risk

The Company's credit risk is primarily attributable to cash and advance on first closing. Cash is held with one reputable Canadian chartered bank which is closely monitored by management. Management believes that the credit risk with respect to financial instruments is minimal.

10. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

b) Liquidity Risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at December 31, 2017, the Company held cash of $2,123,462 (June 30, 2017 - $138,026) and had current liabilities of $1,114,169 (June 30, 2017 - $231,418). All of the Company's current liabilities, excluding amounts owed to related parties, have contractual maturities of less than 30 days and are subject to normal trade terms.

c) Market Risk

i) Interest Rate Risk

The Company has cash balances, and no 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 creditworthiness of its banks.

ii) Foreign Currency Risk

The Company's functional currency and the reporting currency is the Canadian dollar. Periodically the Company incurs charges to its operations for settlement in currencies other than its functional currency and any gain or loss arising on such transactions is recorded in operations for the year.

The Company does not participate in any hedging activities to mitigate any gains or losses which may arise as a result of exchange rate changes.

As at December 31, 2017, there are no financial assets and liabilities denominated in currencies other than the Canadian dollar.

iii) Commodity Price Risk

The Company is exposed to price risk with respect to commodity and equity prices. Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. Commodity price risk is defined as the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. To mitigate price risk, the Company closely monitors commodity prices of precious metals, individual equity movements, and the stock market to determine the appropriate course of action to be taken by the Company.

11. SUBSEQUENT EVENTS

On February 13, 2018, the Company closed the following private placement tranches:

1. 2nd tranche of 6,688,086 common shares issued at $0.15 per share for gross proceeds of $1,003,213.
2. 2nd tranche of 2,765,556 Units at a price of $0.35 per Unit for gross proceeds of $967,945. Each Unit comprises one common share and one share purchase warrant exercisable for $0.40 per share until February 13, 2020.
3. 1st tranche of 1,000,000 Units at a price of $0.60 per Unit for gross proceeds of $600,000. Each Unit comprises one common share and one share purchase warrant exercisable for $0.70 per share until August 13, 2020.