Hilltop Cybersecurity Inc.
(formerly Big Wind Capital Inc.)

Interim Consolidated Financial Statements

For the Nine Months Ended March 31, 2019

(Expressed in United States dollars)

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NOTICE TO READER

Pursuant to National Instrument 51-102, Part 4, subsection 4.3(3)(a) issued by the Canadian Securities Administrators, if an auditor has not performed a review of the condensed interim financial statements, they must be accompanied by a notice indicating that the interim financial statements have not been reviewed by an auditor.

The Company's independent auditors have not performed a review of these condensed interim financial statements in accordance with the standards established by the Chartered Professional Accountants Canada for a review of interim financial statements by an entity's auditor.

Hilltop Cybersecurity Inc. (formerly Big Wind Capital Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in U.S. dollars)

	Notes	As at March 31, 2019	As at June 30, 2018
		$	$
ASSETS			
Current			
Cash		**29,269**	564,319
Amounts receivable		**43,202**	103,498
Due from Amerifactors	5	**-**	-
Prepaid expenses and deposits		**140,395**	82,555
Deferred finance charge	9	**-**	-
		212,866	750,372
Equipment	6	**-**	29,773
Patent	7	**21,712**	21,712
		234,578	801,857
LIABILITIES			
Current			
Accounts payable and accrued liabilities		**491,007**	380,056
Accrued interest payable	8	**3,441**	3,441
Promissory notes payable	8	**103,100**	80,000
Wages payable		**164,336**	64,548
Current portion of finance contract payable	9	**-**	-
Derivative liability – warrants	3, 10	**350,310**	350,310
		1,112,194	878,355
Finance contract payable	9	**-**	-
		1,112,194	878,355
SHAREHOLDERS' DEFICIENCY			
Share capital	10	**12,322,393**	11,904,789
Reserves	10	**506,204**	35,734
Non-controlling interest		**(266,317)**	81,956
Accumulated deficit		**(13,439,896)**	(12,098,977)
		(877,616)	(76,498)
		234,578	801,857

Corporate information and going concern (Note 1)
Commitments and contingencies (Note 12)
Events subsequent to the reporting period (Note 17)

Approved on behalf of the Board of Directors:

/s/ Neil Wright
Director

/s/ Devinder Randhawa
Director

Hilltop Cybersecurity Inc. (formerly Big Wind Capital Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in U.S. dollars)

	Notes	Three Months Ended March 31, 2019 $	Three Months Ended March 31, 2018 $	Nine Months Ended March 31, 2019 $	Nine Months Ended March 31, 2018 $
REVENUE	14	-	-	-	-
DIRECT COSTS – wages, benefits and subcontract		-	-	-	-
GROSS PROFIT		-	-	-	-
EXPENSES					
Bad debt expense		-	-	-	-
Consulting fees	11	**8,084**	-	**158,209**	
Depreciation	6	-	899	**2,304**	2,697
Factoring fees	5	-	971	-	2,913
Foreign exchange on translation		-	-	**10,373**	-
Insurance		-	1,325	**3,260**	3,975
Interest – long-term debt	8,9	-	4,506	-	13,518
Investor relations and business development		**1,156**	-	**64,669**	-
Office and overhead		**63,955**	23,260	**362,846**	69,780
Payroll processing fees		-	2,309	**3,893**	6,927
Professional fees		**3,022**	42,602	**131,483**	127,806
Public listing expense	4	-	-	-	-
Regulatory and filing		**4,714**	-	**16,346**	-
Research and development		-	-	**33,909**	-
Share-based payments	10	-	-	**470,470**	-
Travel		-	16,636	**20,488**	49,908
Wages and benefits	11	-	159,612	**383,474**	478,836
		80,931	252,120	**1,661,724**	756,360
LOSS BEFORE OTHER ITEMS		**(80,931)**	(252,120)	**(1,661,724)**	(756,360)
OTHER ITEMS					
Impairment of fixed assets		-	-	**(27,468)**	-
Change in fair value of derivative liability	3, 10	-	-	-	-
NET LOSS AND COMPREHENSIVE LOSS		**(80,931)**	(252,120)	**(1,689,192)**	(756,360)
NET LOSS AND COMPREHENSIVE LOSS ATTRIBUTED TO:					
Shareholders of parent company		**(76,930)**	-	**(1,689,192)**	-
Non-controlling interest		-	-	**(348,273)**	-
		(76,930)	-	**(1,340,919)**	-
Basic and diluted loss per common share		**(0.00)**	(113.62)	**(0.03)**	(340.86)
Weighted average number of common shares outstanding		**75,713,562**	2,219	**65,564,161**	2,219

Hilltop Cybersecurity Inc. (formerly Big Wind Capital Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED MARCH 31
(Expressed in U.S. dollars)

	Notes	2019 $	2018 $
OPERATING ACTIVITIES			
Net loss for the period		**(1,689,192)**	(756,360)
Items not involving cash:			
Depreciation		**2,304**	2,697
Public listing expense		**-**	-
Share-based payments		**483,582**	-
Impairment of fixed asset		**27,468**	-
Change in fair value of derivative liability		**-**	-
Changes in non-cash working capital items:			
Amounts receivable		**60,296**	-
Due from Amerifactors		**-**	21,576
Prepaid expenses and deposits		**(57,840)**	(1,121)
Deferred finance charge		**-**	-
Accounts payable and accrued liabilities		**110,951**	550,103
Accrued interest payable		**-**	3,674
Wages payable		**99,788**	29,895
Unearned revenue		**-**	100,000
		(962,643)	(49,536)
INVESTING ACTIVITIES			
Cash acquired on acquisition		**-**	-
Advance payments acquired on acquisition		**-**	-
Patent costs		**-**	(12,316)
Purchase of equipment		**-**	-
Proceeds from disposal of equipment		**-**	-
		-	(12,316)
FINANCING ACTIVITIES			
Proceeds from promissory notes payable		**23,100**	100,000
Repayment of promissory notes payable		**-**	(10,000)
Repayment of finance contract payable		**-**	(1,310)
Proceeds from share issuance		**404,493**	100,000
Legal fees paid to acquire own shares		**-**	-
		427,593	188,690
CHANGE IN CASH		**(535,050)**	126,838
CASH, BEGINNING OF THE YEAR		**564,319**	14,125
CASH, END OF THE PERIOD		**29,269**	140,963

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

Hilltop Cybersecurity Inc. (formerly Big Wind Capital Inc.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN DEFICIENCY
(Expressed in U.S. dollars unless otherwise noted)

	Share Capital			Reserves				
	Number of Common Shares (i)	Number of Convertible Common Shares	Amount $	Own Shares $	Shared-based Payments $	Accumulated Deficit $	Non-controlling Interest $	Total Equity Deficiency $
As at June 30, 2016	**2,444**	**-**	**70,025**	**-**	**-**	**(84,748)**	**-**	**(14,023)**
Own shares acquired	(250)	-	-	(30,000)	-	-	-	(30,000)
Legal fees paid to acquire own shares	-	-	-	(1,377)	-	-	-	(1,377)
Share issuance – award grant	650	-	-	-	-	-	-	-
Net loss for the year	-	-	-	-	-	(164,277)	-	(164,277)
As at June 30, 2017	**2,844**	**-**	**70,725**	**(31,377)**	**-**	**(249,025)**	**-**	**(209,677)**
Private placement	250	-	100,000					100,000
Net loss for the period	-	-				(756,360)		(756,360)
As at March 31, 2018	**3,094**	**-**	**170,725**	**(31,377)**	**-**	**(1,005,385)**	**-**	**(866,037)**
Elimination of issued share capital of Hill Top Security, Inc.	(3,094)	-	-	-	-	-	-	-
Establishment of the issued share capital of Hilltop Cybersecurity Inc.	55,855,915	-	-	-	-	-	-	-
Recapitalization on the issuance of shares at acquisition	4,200,000	49,136,158	11,734,064	-	-	-	125,917	11,859,981
Share cancellation	(57,143)	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	67,111	-	-	67,111
Net loss for the year	-	-	-	-	-	(11,093,592)	(43,961)	(11,137,553)
As at June 30, 2018	**59,998,772**	**49,136,158**	**11,904,789**	**(31,377)**	**67,111**	**(12,098,977)**	**81,956**	**(76,498)**
Shares issued in private placement	5,423,420	-	417,604	-	-	-	-	417,604
Share conversion	10,547,992	(10,547,992)	-	-	-	-	-	-
Share-based payments	-	-	-	-	470,470	-	-	470,470
Net loss for the period	-	-	-	-	-	(1,340,919)	(348,273)	(1,689,192)
As at March 31, 2019	**75,970,184**	**38,588,166**	**11,904,789**	**(31,377)**	**537,581**	**(13,439,896)**	**(266,317)**	**(877,616)**

(i) The above presentation reflects the issued share capital of Hill Top Security, Inc. until the completion of the reverse takeover transaction on June 12, 2018, at which point it is adjusted to reflect the share capital of the Company. See Note 4.

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

1. CORPORATE INFORMATION AND GOING CONCERN

Hilltop Cybersecurity Inc. (the "Company"), 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 records office of the Company is 700-1620 Dickson Ave., Kelowna, British Columbia, V1Y 9Y2, and the principle office of operations is 6605 Abercorn St., Ste 211, Savannah, GA, 31405, U.S.A. The Company's shares are publicly listed on the Canadian Securities Exchange ("CSE") under the symbol "CYBX" and on the OTCQB Venture Market ("OTCQB") under the symbol "CYBXF". The Company changed its name to Hilltop Cybersecurity Inc. on February 19, 2018.

The Company was formerly a natural resource company engaged in the acquisition and exploration of resource properties in North America. On December 19, 2017, the Company entered into a definitive agreement (the "Agreement") with Hill Top Security, Inc. ("HTSI"). On February 14, 2018, the Company acquired 25% of HTSI which constituted a fundamental change of the Company within the policies of the CSE. On June 12, 2018, the Company acquired a further 24% of HTSI through the issuance of 4,200,000 common shares and 49,136,658 convertible common shares (Notes 4 and 10). The Company is a technology company engaged primarily in the development of cyber security and cryptocurrency software.

These consolidated financial statements have been prepared on the basis that the Company will continue as a going concern, which assumes that the Company will be able to meet all of its commitments, continue operations and realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. The Company has incurred losses since its inception and has an accumulated deficit of $13,439,896 at March 31, 2019. The Company has a need for financing for working capital and to continue the development of its business. The ability of the Company to continue as a going concern is dependent upon the continued financial support of its shareholders, other investors and lenders and the successful development of the Company's business plan. These factors indicate the existence of a material uncertainty that raises significant doubt about the Company's ability to continue as a going concern.

These consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities and the reported revenue and expenses and statement of financial position classifications that would be necessary were the going concern assumption inappropriate, and these adjustments could be material.

2. BASIS OF PREPARATION AND MEASUREMENT

a) Statement of compliance with International Financial Reporting Standards

The Company applies International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements have been prepared in accordance with International Accounting Standard 34 - Interim Financial Reporting. Accordingly, they do not include all of the information required for full annual financial statements required by IFRS as issued by the IASB. The policies applied in these unaudited condensed interim financial statements are based on IFRSs issued and outstanding as of May 3, 2019, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed interim financial statements as compared with the most recent annual financial statements as at and for the year ended June 30, 2018, except as noted below. Any subsequent changes to IFRS that are given effect in the Company's annual financial statements for the year ending June 30, 2019 could result in restatement of these unaudited condensed consolidated interim financial statements.

b) Basis of measurement

These consolidated financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss or available-for-sale, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting.

c) Presentation and functional currency

The functional currency of the Company is the United States dollar and, unless otherwise specified, all dollar amounts in these financial statements are expressed in United States dollars. The functional currency is the currency of the primary economic environment in which the Company operates.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements unless otherwise indicated.

Basis of consolidation – These consolidated financial statements include the accounts of the Company and its subsidiary HTSI. All transactions between the Company and its subsidiary are eliminated on consolidation. The Company owns a 49% interest in HTSI and has an exclusive license for certain of HTSI's assets. Due to this license, the Company's 49% interest represents a controlling interest in HTSI, while other shareholders hold a 51% non-controlling interest in HTSI.

Significant accounting judgments and estimates – The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout these 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 future periods if the revision affects both current and future periods.

Critical judgments

Going concern of operations

Management has made the determination that the Company will continue as a going concern for the next year.

Intangible assets

The application of the Company's accounting policy for intangible assets requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Estimates and assumptions made may change if new information becomes available. If, after an intangible asset is capitalized, information becomes available suggesting that the recovery of the value of the asset is unlikely, the amount capitalized is written off to profit or loss in the period the new information becomes available.

Significant estimates and assumptions

Warrants / Derivative liability

Management has made significant assumptions in the application of the Black-Scholes option-pricing model when calculating the fair value of the derivative liability and the residual fair value of the convertible note.

Cash and cash equivalents – The Company considers deposits with banks or highly liquid short-term interest bearing securities that are readily convertible to known amounts of cash and those that have maturities of three

months or less when acquired to be cash equivalents. The Company did not have any cash equivalents at March 31, 2019 and June 30, 2018.

Equipment - Equipment is recorded at cost less accumulated depreciation. Depreciation is calculated using the declining balance method as follows:

Furniture and fixtures	20%
Equipment	20%
Vehicle	30%

In the year of acquisition, one-half of the above rates is used.

Intangible assets - Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired is their fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of comprehensive loss when the asset is derecognized.

The Company's patent will be amortized over the shorter of the legal life of the patent or its estimated useful economic life.

Long-lived assets and impairment - The Company evaluates, on an ongoing basis, the carrying value of equipment, patent and other assets for indications of impairment at each statement of financial position date. If indications of impairment exist, 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 profit or loss for the period.

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.

Income taxes - The Company accounts for and measures deferred tax assets and liabilities in accordance with the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the deferred tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using the enacted or substantively-enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in profit or loss in the period that includes the date of enactment or substantive enactment of the change. When the future realization of income tax assets does not meet the test of being more likely than not to occur, no net asset is recognized. Accordingly, the Company's accounting policy for deferred income taxes currently has no effect on the financial statements of any of the fiscal periods presented.

Derivative liability - The Company evaluates its convertible debt, options, warrants or other contracts to determine if those contracts or embedded components of those contracts qualify as derivatives to be separately accounted for. This accounting treatment requires that the carrying amount of embedded derivatives be marked-to-market at each statement of financial position date and carried at fair value. In the event that the fair value is recorded as a liability, the change in fair value during the period is recorded in the statement of comprehensive loss as either income or expense. Upon conversion, exercise or modification to the terms of a derivative instrument, the instrument is marked to fair value at the conversion date and then the related fair value is reclassified to equity.

In circumstances where the embedded conversion option in a convertible instrument is required to be bifurcated and there are also other embedded derivative instruments in the convertible instrument that are required to be bifurcated, the bifurcated derivative instruments are accounted for as a single, compound derivative instrument.

The classification of financial instruments, including whether such instruments should be recorded as liabilities or as equity, is re-assessed at the end of each reporting period. Equity instruments that are initially classified as equity that become subject to reclassification are reclassified to liability at the fair value of the instrument on the reclassification date. Derivative instrument liabilities will be classified in the statement of financial position as current or non-current based on whether or not net-cash settlement of the derivative instrument is expected within 12 months of the statement of financial position date.

Management must determine whether an instrument (or an embedded feature) is indexed to the Company's own shares. An entity should use a two-step approach to evaluate whether an equity-linked financial instrument (or embedded feature) is indexed to its own shares, including evaluating the instrument's contingent exercise and settlement provisions. This exercise affects the accounting for (i) certain freestanding warrants that contain exercise price adjustment features and (ii) convertible notes containing full-ratchet and anti-dilution protections (iii) certain free standing warrants that contain contingently puttable cash settlement.

Share capital - Common shares issued for non-monetary consideration are recorded at their fair market value on the date of share issuance. Costs incurred to issue shares are deducted from share capital.

Revenue recognition - The Company provides services pursuant to time-based contracts entered into with commercial and government clients. Revenues are recognized in the period in which the services are provided, when the amount of revenue can be reliably measured and collectability is reasonably assured.

Share-based payment transactions - The Company grants stock options to acquire common shares of the Company to directors, officers, employees and consultants. The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at the fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

Earnings (loss) per share - The Company presents basic and diluted earnings (loss) per share data for its common shares, calculated by dividing the loss attributed to common shareholders of the Company by the weighted average number of common shares outstanding during the reporting period. Diluted earnings (loss) per share are calculated in a manner similar to that used to calculate basic earnings (loss) per share except that the weighted average shares outstanding are increased to include the additional shares resulting from 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 shares at the average market price during the reporting periods. Diluted loss per share does not adjust the loss attributed to common shareholders or the weighted average number of common shares outstanding when the effect of such adjustments is anti-dilutive.

Provisions - Provisions are recognized where a legal or constructive obligation has been incurred as a result of past events, it is probable that an outflow of resources embodying economic benefit will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation.

Related party transactions - Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

Financial instruments - All financial assets are initially recorded at fair value and classified into one of four categories: held to maturity, available-for-sale, loans and receivables or at fair value through profit or loss ("FVTPL"). All financial liabilities are initially recorded at fair value and classified as either FVTPL or other financial liabilities. Financial instruments comprise cash, amounts receivable (excluding GST), due from Amerifactors, accounts payable and accrued liabilities, accrued interest payable, promissory notes payable, wages payable and finance contract payable.

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the financial instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has classified amounts receivable (excluding GST), due from Amerifactors as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are carried at cost less any provision for impairment.

Individually significant amounts are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Loans and receivables are measured at amortized cost using the effective interest method.

The Company has classified cash as FVTPL. A financial instrument is classified as FVTPL if it is held for trading or is designated as such upon initial recognition. Financial instruments classified as FVTPL are measured at fair value and changes therein are recognized in profit or loss.

b) Financial liabilities

The Company has classified accounts payable and accrued liabilities, accrued interest payable, promissory notes payable, wages payable, and finance contract payable as other financial liabilities. All derivative financial instruments that are not designated and effective as hedging instruments are accounted for at FVTPL.

Recent Accounting Pronouncements - Numerous new standards, amendments and interpretations to existing standards have been issued but are not yet effective. Below is the list of new standards that are likely to be relevant to the Company. However, management has yet to assess the impact on the Company's operations and financial position:

Standard	Title	Applicable for Financial Years Beginning On/After
IFRS 9	Financial instruments	January 1, 2018
IFRS 15	Revenue from contracts with customers	January 1, 2018
IFRS 16	Leases	January 1, 2019

IFRS 9 requires financial assets to be classified into three measurement categories on initial recognition: those measured at fair value through profit and loss, those measured at fair value through other comprehensive income and those measured at amortized cost. Investments in equity instruments are required to be measured by default at fair value through profit or loss. However, there is an irrevocable option for each equity instrument to present fair value changes in other comprehensive income. Measurement and classification of financial assets is dependent on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

IFRS 9 provides a three-stage expected credit loss model for calculating impairment for financial assets. Expected credit losses are required to be recognized when financial instruments are initially recognized and the amount of expected credit losses recognized are required to be updated at each reporting date to reflect changes in the credit risk of the financial instruments.

(Expressed in U.S. dollars unless otherwise noted)

On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies. In cases where the fair value option is taken for financial liabilities, the part of a fair value change relating to an entity's own credit risk is recorded in other comprehensive income rather than the statement of loss, unless this creates an accounting mismatch.

IFRS 15 provides a five-step model for the recognition of revenue when control of goods is transferred to, or a service is performed for, the customer. The five steps are to identify the contract(s) with the customer, identify the performance obligations in the contract, determine the transaction price, allocate the transaction price to each performance obligation and recognize revenue as each performance obligation is satisfied.

IFRS 16 specifies how an IFRS reporter will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

4. REVERSE TAKE-OVER TRANSACTION

On February 14, 2018, the Company completed an acquisition pursuant to the December 19, 2017 agreement among the Company, HTSI and the shareholders of HTSI, whereby the Company acquired 25% of the common shares of HTSI for an aggregate cash payment of USD$660,000, constituting a "fundamental change" of the Company within the meaning of the policies of the CSE. On June 12, 2018, the Company acquired a further 24% of HTSI through the issuance of 49,136,658 convertible common shares to certain shareholders of HTSI, issuing 4,200,000 common shares to certain consultants, and investing a further $1,500,000 into HTSI.

The fair value of the consideration for the transaction is as follows:

49,136,658 convertible common shares issued by the Company to acquire a further 24% of HTSI.	$	10,810,064
Issuance of 4,200,000 common shares to consultants.		924,000
	$	11,734,064

The identifiable net assets acquired in the transactions are as follows:

Cash	$	216,227
Advanced payments to HTSI from the Company		2,107,910
Amounts receivable		37,494
Accounts payable		(209,861)
Derivative liability – warrants		(819,382)
Net assets acquired		1,332,388
51% NCI in HTSI's assets		(125,917)
Attributed to public listing expense		10,527,593
Consideration paid	$	11,734,064

As a result of this transaction, the shareholders of HTSI have obtained de facto control over the combined entity. Accordingly, for accounting purposes, the acquisition is considered to be a reverse acquisition, with HTSI identified as the purchaser and the Company as the entity being acquired.

(Expressed in U.S. dollars unless otherwise noted)

For financial statement presentation purposes, the historical and continuing entity is considered to be HTSI, while the continuity of issued share capital remains that of the Company, the legal parent company.

5. DUE FROM AMERIFACTORS

On September 18, 2014, the Company entered into a factoring agreement (the "FA") with Amerifactors Financial Group, LLC ("AFG"). Pursuant to the FA, and subject to a specified volume requirement, the Company sells certain of its accounts receivable to AFG. Title and ownership of an account (as defined) vests in AFG and AFG assumes the credit risk and responsibility for the inability of a customer to pay on the date an account is approved and accepted for purchase by AFG. Upon approval, AFG pays the Company initial consideration of 85% of the net sale amount (as defined). When the account has been collected, AFG pays additional conditional consideration, ranging from 13% to 3%, based on the time required to collect the account. The FA had an initial one-year term and automatically renews from year to year until terminated in writing by either party. Any indebtedness to AFG that may arise pursuant to the FA is secured by a security interest in all of the Company's current and future assets and property and by four personal guarantees granted by officers of the Company.

6. EQUIPMENT

The following is a summary of equipment as at March 31, 2019 and June 30, 2018:

	Furniture $	Equipment $	Vehicle $	Total $
Cost				
As at June 30, 2017	2,996	-	38,288	41,284
Additions	-	31,846	-	31,846
Disposition	-	-	(38,288)	(38,288)
As at June 30, 2018	2,996	31,846	-	34,842
Additions	-	-	-	-
Disposition	-	-	-	-
As at March 31, 2019	2,996	31,846	-	34,842
Accumulated Depreciation				
As at June 30, 2017	1,768	-	27,126	28,894
Depreciation	369	2,932	1,395	4,696
Disposition	-	-	(28,521)	(28,521)
As at June 30, 2018	2,137	2,932	-	5,069
Depreciation	859	1,446	-	2,304
Impairment	-	27,468	-	-
As at March 31, 2019	2,996	31,846	-	7,373
Carrying Amounts				
As at June 30, 2018	859	28,914	-	29,773
As at March 31, 2019	-	-	-	-

During the year ended June 30, 2018, the Company sold a pickup truck for proceeds of $20,172, resulting in a gain on disposal of $10,405. See Note 9.

(Expressed in U.S. dollars unless otherwise noted)

7. PATENT

On July 13, 2016, the Company filed a provisional U.S. patent application entitled "Incident Management and Response System ("IMRS"). On July 12, 2017, the Company filed a U.S. patent application titled "Computerized System and Method for Providing Cybersecurity Detection and Response Functionality", at which time the IMRS expired. During the year ended June 30, 2018, the Company incurred $16,259 (2017 - $5,453) in connection with the patent application process.

	March 31, 2019			
	Gross Carrying Amount	**Additions**	**Accumulated Amortization**	**Net Carrying Amount**
	$	**$**	**$**	**$**
U.S. patent	21,712	-	-	21,712

	June 30, 2018			
	Gross Carrying Amount	**Additions**	**Accumulated Amortization**	**Net Carrying Amount**
	$	**$**	**$**	**$**
U.S. provisional patent	5,453	16,259	-	21,712

8. PROMISSORY NOTES PAYABLE

The following is a summary of promissory notes payable as at March 31, 2019 and June 30, 2018:

	March 31, 2019	**June 30, 2018**
	$	$
Promissory notes:		
Promissory note 2 (i)(iv)	-	-
Promissory note 3 (ii)(iv)	80,000	80,000
Promissory note 3 (iii)	23,100	
	103,100	80,000
Less current portion (v):	(103,100)	(80,000)
	-	-

The Company entered into promissory notes ("PNs") as follows:

i. On November 14, 2016, a convertible PN in the amount of $80,000. This PN was unsecured, bore interest at 8% per annum, payable at maturity or on conversion, and was to mature on September 1, 2018 unless sooner converted.

   During the year ended June 30, 2018, the PN was repaid in full.

ii. On January 25, 2017, a convertible PN in the amount of $80,000. This PN is unsecured, bears interest at 10% per annum, payable at maturity or on conversion, and matures on September 1, 2018 unless sooner converted.

   See Note 12.

iii. On September 27, 2018, a director of the Company advanced $21,300 ($30,000 CDN) to the Company as an unsecured, non interest bear promissory note.

iv. These convertible PNs are compound financial instruments with the carrying amount at inception being allocated between the fair values of the liability and equity components. The fair value of the equity component was determined to be negligible and, accordingly, the entire carrying amount was allocated to the liability component.

v. It is management's expectation that PN 2 plus accrued interest will be paid or converted during the year ended June 30, 2019.

9. FINANCE CONTRACT PAYABLE

The Company entered into a finance contract to purchase a 2013 RAM 1500 pickup truck in July 2013. The finance contract was secured by a security interest in the truck and bore interest at 2.85% per annum. Interest of $297 (2017 – $659) is included in "Interest – long-term debt" in the statements of comprehensive loss. During the year ended June 30, 2018, the pickup truck was disposed of and the finance contract was paid. See Note 6.

10. SHARE CAPITAL AND RESERVES

a) Authorized

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

Each convertible common share is convertible at the option of the holder into one common share of the Company without the payment of additional consideration by giving written notice to the Company that the holder elects to convert all or any number of the convertible common shares.

The non-voting preferred shares are redeemable at $100 per share. Preferred shares are redeemable in whole or in part upon 21 days' written notice from either the Company or the holder. Upon redemption, the holder is entitled to receive the redemption amount plus any declared and unpaid dividends.

Common shares are entitled to receive dividends as declared by the directors in their sole discretion from time to time, convertible common shares are not entitled to receive dividends and preferred shares are entitled to non-cumulative dividends at the discretion of the directors and at a rate to be determined by the directors at the time of issuance of the preferred shares, as a percentage of the redemption amount thereof, per annum.

b) Issued and Outstanding - Common Shares

For the period ended March 31, 2019

On January 2, 2019, the Company converted 10,547,992 convertible shares into common shares of the Company.

On January2, 2019, the Company closed its second and final tranche private placement by issuing 1,000,000 Units at a price of $0.10 CDN per Unit. Each Unit comprises one common shares and share purchase warrant exercisable at $0.14 CDN per share for three years from date of grant.

(Expressed in U.S. dollars unless otherwise noted)

On January 2, 2019, the Company converted 10,547,992 convertible shares into common shares of the Company.

On December 6, 2018, the Company closed its first tranche private placement by issuing 4,423,420 Units at a price of $0.10 CDN per Unit. Each Unit comprises one common shares and share purchase warrant exercisable at $0.14 CDN per share for three years from date of grant.

For the year ended June 30, 2018

Prior to the reverse take-over transaction, the Company:

- Issued 3,940,000 shares from related share warrant and option exercises for gross proceeds of $284,000 CDN.
- Issued 13,333,333 shares at $0.15 per share for gross proceeds of $2,000,000 CDN.
- Issued 7,142,855 Units at $0.35 CDN per Unit for gross proceeds of $2,500,000 CDN. Each Unit comprises one common share and one share purchase warrant exercisable for two years at $0.40 per share.
- Issued 1,000,000 Units at $0.60 CDN per Unit for gross proceeds of $600,000 CDN. Each Unit comprises one common share and one share purchase warrant exercisable for 18 months at $0.70 per share.
- HTSI issued 250 common shares for gross proceeds of $100,000.

On June 12, 2018, the Company issued 4,200,000 common shares at $0.29 CDN per share to various consultants on closing of the Agreement (Note 1 and 4).

On June 12, 2018, the Company cancelled 57,143 common shares previously unpaid for.

c) Issued and Outstanding – Convertible Common Shares

Pursuant to the Company's acquisition of 24% of HTSI on June 12, 2018, increasing the Company's stake in HTSI to 49%, the Company issued 49,136,658 convertible common shares valued at $10,810,064 to certain shareholders of HTSI. See Note 4.

d) Share Purchase Warrants

	Number of Warrants	Weighted Average Exercise Price
		$CDN
Warrants outstanding, June 30, 2017	**3,800,000**	**0.07**
Issued	8,142,855	0.44
Exercised	(3,900,000)	0.08
Warrants outstanding, June 30, 2018	**8,042,855**	**0.44**
Exercised	-	-
Granted	5,423,420	0.14
Warrants outstanding, March 31, 2019	**13,466,275**	**0.32**

(Expressed in U.S. dollars unless otherwise noted)

As at March 31, 2019, the Company had warrants outstanding as follows:

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
August 13, 2019	$0.70 CDN	1,000,000	0.03
November 30, 2019	$0.40 CDN	4,277,299	0.21
February 13, 2020	$0.40 CDN	2,765,556	0.18
December 6, 2021	$0.14 CDN	4,423,420	0.88
January 2, 202	$0.14 CDN	1,000,000	0.21

When the Company undertakes a private placement, it may issue units comprised of common stock of the Company and warrants to acquire common stock of the Company. Warrants with a strike price denominated in the Company's functional currency (the US dollar) are considered to be indexed to the Company's stock and are classified as equity. Warrants with a strike price denominated in a currency other than the Company's functional currency are considered not to be indexed to the Company's stock and are classified as a liability. Warrants classified as a liability are initially measured at fair value with changes in fair value recorded in profit or loss in each reporting period.

e) 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.

	Number of Options	Weighted Average Exercise Price
		$CDN
Options outstanding, June 30, 2017	**-**	**-**
Granted	5,491,590	0.56
Exercised	(40,000)	0.45
Options outstanding, June 30, 2018	**5,451,590**	**0.56**
Granted	3,364,877	0.23
Cancelled	(2,491,590)	0.70
Options outstanding, March 31, 2019	**6,324,877**	**0.33**

As at March 31, 2019, the Company had options outstanding as follows:

(Expressed in U.S. dollars unless otherwise noted)

Expiry Date	Exercise Price	Outstanding	Weighted Average Remaining Contractual Life (Years)
July 17, 2019	$0.45 CDN	2,960,000	0.14
August 30, 2023	$0.23 CDN	3,364,877	2.35

On August 30, 2018, the Company granted 3,364,877 stock options to various officers, directors and consultants. The options are exercisable at $0.23 per share and expire on August 30, 2023.

On August 30, 2018, the Company cancelled 2,491,590 stock options previously granted February 26, 2018.

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 CDN per share, 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 $0.3555 CDN per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of $0.40 CDN, expected life of stock option of 2 years, volatility of 228.42%, annual rate of dividends of 0.00% and a risk free rate of 1.22%.

On February 26, 2018, the Company granted 2,491,590 stock options to various officers, directors and consultants. The options are exercisable at $0.70 CDN per share, expire on February 26, 2020, 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 $0.5685 per stock option was determined using the Black-Scholes option pricing model using the following assumptions: share price on grant date of $0.69 CDN, expected life of stock option of 2 years, volatility of 190.51%, annual rate of dividends of 0.00% and a risk free rate of 1.78%.

11. RELATED PARTY TRANSACTIONS

Compensation of Key Management Personnel

The company incurred the following expenses in connection with compensation of key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and include the Chief Executive Officer (“CEO”), Chief Operating Officer (“COO”), Chief Technology Officer and Chief Innovation Officer.

Amounts paid to key management personnel during the periods ended March 31, 2019 and 2018 are as follows:

	2016 $	2018 $
Consulting fees	15,000	-
Wages and benefits	165,000	319,224
Total key management personnel	180,000	319,224

See Note 12 for the CSPA involving a founding shareholder of the Company.

Revenue

The Company earned $100,000 during the year ended June 30, 2018 (2017 - $nil) for work performed for a public company that a director of the Company is also CEO of.

Balances Payable

At March 31, 2019, the Company owed the following balances to related parties:

- $Nil (2018 - $3,172) in reimbursable expenses to the Company's former COO; and
- $165,435 (2018 - $165,435) in consulting fees and advances to the Company's CEO, this balance being assigned from a company controlled by a director of the Company to the Company's CEO during the year.

12. COMMITMENTS AND CONTINGENCIES

On April 20, 2016, HTSI entered into a common stock purchase agreement (the "CSPA") with MACH37 LLC ("MACH37") and a founder of HTSI. Pursuant to the CSPA, MACH37 agreed to purchase 244 common shares of HTSI. As at the date of the CSPA, the 244 shares constituted 8% of HTSI's issued common shares and the shares authorized for issuance under HTSI's ECP. If HTSI sells and issues additional equity securities, excluding any shares issued to employees or consultants pursuant to any equity compensation plan, MACH37 has the right to purchase its pro-rata portion of the additional shares on substantially identical terms of the then current issue to maintain its 8% ownership interest. MACH37 can assign this right by giving HTSI notice. Pursuant to the CSPA:

- If HTSI raises funds by offering preferred shares, including through the issuance of convertible promissory notes, MACH37 has the right to convert its common shares into preferred shares on a one-for-one basis. If funds are raised by issuing convertible promissory notes offering a discount on conversion, MACH37 will be offered a matching conversion discount.
- MACH37 is entitled to select a representative having an observer role on HTSI's board of directors until HTSI has raised $3,000,000 in external financing.
- If, within 24 months, HTSI fails to establish and maintain a significant presence within the Commonwealth of Virginia it will pay liquidated damages of $50,000 on demand.
- If, within 36 months, HTSI accepts any direct or indirect funding from a publicly-funded economic development or company attraction entity requiring the temporary or permanent relocation of its headquarters, or any member of its senior management team, outside of the Commonwealth of Virginia it will pay a penalty of $150,000.

MACH37's approval rights (as specified) terminate when HTSI completes an equity financing pursuant to which it sells preferred shares having an aggregate sales price of at least $3,000,000, including any convertible promissory notes that are converted into preferred shares and the board of directors includes at least one non-founding member who participated in the financing. The CSPA will terminate on the first to occur of the closing of the first sale of common shares of the Company to the general public or on the closing date of a change of control (as defined).

On January 25, 2017, the Company entered into a side letter agreement (the "SLA") with the Center for Innovative Technology ("CTI") to accompany the NPA (see note 8 iii)). Pursuant to the SLA, if the Company fails to maintain its status as a Virginia company (as defined) at any time until January 25, 2020, the following additional rights also apply:

- If the PN has not previously been converted or pre-paid, upon any equity financing CTI has the right to convert the PN into the Company's equity securities in the financing at a 50% discount.

- At any time during the term of the PN, including any extensions, CTI has the right to convert the PN into common shares of the Company at a fully-diluted pre-money valuation of $1,500,000 and the right to demand repayment of outstanding principal and accrued interest in cash.
- If the PN was previously converted into the Company's securities, then an additional fee of $80,000 immediately becomes due and payable to CTI and CTI retains any of the securities that it holds.
- If the Company accepts any direct or indirect funding from a state economic development agency requiring temporary or permanent location of the Company's headquarters, or any member of the Company's senior management, outside of the Commonwealth of Virginia before January 25, 2020, the Company is required to pay a penalty of $160,000 regardless of whether CTI holds debt or equity of the Company. If this provision is triggered, all other provisions of the SLA remain in force.

On June 26, 2017, the Company entered into an executive employment agreement (the "EEA") with the Chief Executive Officer ("CEO") of the Company. Pursuant to the EEA, the CEO is entitled to receive the following compensation in addition to his base salary:

- Annual earnings bonus – an annual cash bonus of up to $140,000 at the Company's sole option. Whether or not the CEO earns all, or a portion, of the bonus is dependent upon continuous employment with the Company to the date any bonus is paid and the extent to which the achievement of one or more of the six individual performance milestones (as defined) is determined to have been achieved. For the purpose of determining bonus eligibility, performance is measured on a calendar year basis.

The EEA can be terminated by either party at any time with or without cause. If termination is for any reason other than cause, the CEO is entitled to receive severance pay equal to his then current base salary for a period of six months.

13. REVENUE

On September 21, 2017, the Company received $100,000 as an initial instalment on a work contract from a public company that a director of the Company is CEO of.

Included in revenue for the year ended June 30, 2017 is a $25,000 award received from the Virginia Small Business Financing Authority pursuant to a business plan competition.

14. CAPITAL MANAGEMENT

The Company's policy is to maintain a strong capital base so as to maintain investor and creditor confidence and to sustain future development of the business. The capital structure of the Company consists of components of shareholders' equity. There were no changes in the Company's approach to capital management during the year. The Company is not subject to any externally imposed capital requirements.

15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company is exposed through its operations to the following financial risks:

- Market risk
- Credit risk
- Liquidity risk

In common with all other businesses, the Company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

General Objectives, Policies, and Processes

The Board of Directors of the Company has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to senior management. The overall objective of the Board of Directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate

risk, commodity price risk and equity price risk. The Company is not currently exposed to foreign currency risk, interest rate risk or commodity price risk.

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The financial instruments that are potentially subject to credit risk are cash and amounts receivable (excluding GST). The carrying amounts of these financial assets represent their maximum credit exposure. Cash is maintained with a financial institution of reputable credit and may be redeemed upon demand. Management considers the credit risk associated with amounts receivable to be low.

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 policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

Typically, the Company ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company prepares annual capital expenditure budgets which are regularly monitored and updated as considered necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other amounts

Determination of Fair Value

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company's cash and derivative liability – warrants are the only financial instruments on the statement of financial position measured at fair value. There were no transfers between Level 1, 2 or 3 during the period ended March 31, 2019 and year ended June 30, 2018.