BEXAR VENTURES INC.

FORM 2A

LISTING STATEMENT

FEBRUARY 28, 2018

ITEM 1. TABLE OF CONTENTS

Glossary of Terms

The following is a glossary of certain terms used in this Listing Statement. Terms and abbreviations used in this Listing Statement and also appearing in the documents attached as schedules to the Listing Statement (including the financial statements) are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words below importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders. All dollar amounts herein are in Canadian dollars, unless otherwise stated.

"ACT360" means Act360 Media Ltd., a company incorporated pursuant to and existing under the BCA and a wholly owned subsidiary of Kona Bay.

"API" means application program interface.

"Arrangement" means the plan of arrangement among Kona Bay, the Issuer, ACT360 and Hapuna.

"Arrangement Agreement" means the arrangement agreement dated February 28, 2017 among Kona Bay, Hapuna and the Issuer.

"ASC" means the Alberta Securities Commission.

"Assets" means the Online Advertising Assets and the SaaS Assets.

"Auditors" means DeVisser Gray LLP.

"**BCA**" means the Business Corporations Act (British Columbia) including the regulations thereunder, as amended.

"**BCSC**" means the British Columbia Securities Commission.

"**Bexar Cash Payment**" means a cash payment of $95,000 from the Issuer to Kona Bay on closing of the Arrangement.

"**Bexar Promissory Note**" means a promissory note in the principal amount of $200,000 in favour of ACT360 bearing interest at a rate of 6% per annum and due three years from the Closing Date.

"**Board**" means the board of directors of the Issuer.

"**CEO**" means an individual who acted as our chief executive officer, or acted in a similar capacity, for any part of the most recently completed financial year.

"**CFO**" means an individual who acted as our chief financial officer, or acted in a similar capacity, for any part of the most recently completed financial year.

"**Common Shares**" means the common shares without par value of the Issuer.

"**Consolidation**" means the consolidation of the Common Shares on the basis of one (1) post-consolidation Common Share for every two (2) pre-consolidation Common Shares.

"**Court**" means the British Columbia Supreme Court.

"**CSE**" means the Canadian Securities Exchange.

"**Escrow Agreement**" means the escrow agreement dated February 28, 2018 among the Issuer, National Issuer Services Ltd, as escrow agent, and the Escrow Security Holders.

"**Escrow Securities**" means the 1,386,429 Common Shares and 575,000 Warrants to be held in escrow pursuant to the terms of the Escrow Agreement.

"**Escrow Security Holders**" means Vincent Wong, Frank Harley, Dickson Hall and Yi Cao.

"Final Order" means the final order dated April 28, 2017 made by the Court approving the Arrangement.

"Financing" means a non-brokered private placement financing of a minimum of 2,400,000 Units at a price of $0.10 per unit for gross proceeds of $240,000. Each Unit is comprised of one post-Consolidation Common Share and one post-Consolidation Common Share purchase warrant, with each warrant entitling the holder to purchase one additional post-Consolidation common share at $0.10 per share for a period of five years from the date of the issue.

"Hapuna" means Hapuna Ventures Inc., a company incorporated pursuant to and existing under the BCA and a wholly owned subsidiary of Kona Bay.

"**Hapuna Cash Payment**" means a cash payment of $55,000 from the Issuer to Kona Bay on closing of the Arrangement.

"**Hapuna Promissory Note**" means a promissory note in the principal amount of $325,000 in favour of ACT360 bearing interest at a rate of 6% per annum and due three years from the Closing Date.

"Interim Order" means the interim order of the Court dated March 14, 2017 pursuant to section 291 of the BCA providing for, among other things, the calling of the Meeting.

"**Issuer**" (and "Company") means Bexar Ventures Inc., a company incorporated pursuant to and existing under the BCA and a wholly owned subsidiary of Kona Bay.

"IT" means information technology.

"Kona Bay" means Kona Bay Technologies Inc., a company incorporated pursuant to and existing under the BCA.

"**Listing Date**" means the date on which the Issuer's Common Shares are listed for trading on the CSE.

"**Listing Statement**" means this Exchange Form 2A Listing Statement of the Issuer.

"**Meeting**" means the annual general and special meeting of the Kona Bay Shareholders held on April 24, 2017 approving, among other things, the Arrangement.

"**NP 46-201**" means National Policy 46-201 - *Escrow for Initial Public Offerings*.

"**Online Advertising Assets**" means the assets comprising Kona Bay and ACT360's online advertising business.

"**Plan of Arrangement**" means the plan of arrangement attached to the Arrangement Agreement.

"**Related Person**" means an "Insider", which has the meaning set forth in the Securities Act (British Columbia) being:

(a) a director or senior officer of the company that is an insider or subsidiary of the Issuer;
(b) a director or senior officer of the Issuer;
(c) a person that beneficially owns or controls, directly or indirectly, voting share carrying more than 10% of the voting rights attached to all outstanding voting shares of the Issuer; or
(d) the Issuer itself if it holds any of its own securities.

"**SaaS Assets**" means the assets comprising Kona Bay and ACT360's software as a service business.

"**Stock Option Plan**" means the stock option plan of the Issuer.

"**Transfer Agent**" means TSX Trust Company.

Forward-Looking Statements

Certain statements contained in this Listing Statement constitute "forward-looking statements." These statements, identified by words such as "plan," "anticipate," "believe," "estimate," "should," "expect" and similar expressions include our expectations and objectives regarding our future financial position, operating results and business strategy. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of the Issuer to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, limited operating history, additional requirements of capital, the Issuer's limited number of products, obsolescence, competitive factors, government regulations, defective software, intellectual property risks, cyber security, management of growth, litigation, limited market for securities, failure of IT systems, global economic conditions market volatility, failure of third party service providers and other factors discussed in the sections titled "*Item 17. Risk Factors*" of this Listing Statement.

Forward looking statements are based on a number of material factors and assumptions, including economic conditions in Canada will continue to show modest improvement in the near to medium future, no material change to competitive environment, the Issuer will be able to access sufficient qualified staff, there will be no material changes to the tax and other regulatory requirements governing the Issuer, there will be no material technological development that would render the Issuer's product obsolete, the Issuer's software is not defective, the Issuer will not be subject to any material litigation, the Issuer will not be targeted by any material cyber attacks, third party software used by the Issuer do not contain defects and the Issuer's IT systems will continue to operate as required. While the Issuer considers these assumptions may be reasonable based on information currently available to it, these assumptions may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in the sections titled "*Item 17. Risk Factors*" of this Listing Statement.

The Issuer intends to discuss in its quarterly and annual reports any events or circumstances that occurred during the period to which such documents relate that are reasonably likely to cause actual events or circumstances to differ materially from those disclosed in this Listing Statement. New factors emerge from time to time, and it is not possible for management to predict all of such factors and to assess in advance the impact of each such factor on our business or the extent to which any factor, or combination of such factors, may cause actual results to differ materially from those contained in any forwarding looking statement.

The Issuer advises you to carefully review the reports and documents we file from time to time with the BCSC and the ASC.

Currency

All currency references in this Listing Statement are in Canadian dollars unless otherwise indicated.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources, including industry publications. We believe that this industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, we have not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

ITEM 2. CORPORATE STRUCTURE

Overview

The Issuer was incorporated pursuant to the BCA under the name Bexar Ventures Inc. ("Issuer") on January 31, 2017. The Issuer's registered address is Suite 704, 595 Howe Street, Vancouver, British Columbia V6C 2T5 and its head office is at Suite 1116, 207 West Hastings Street, Vancouver, British Columbia V6B 1H7.

The Arrangement

On February 28, 2017, the Issuer entered into the Arrangement Agreement with Kona Bay, ACT360 and Hapuna whereby Kona Bay and ACT360 agreed to spin off their: (a) software as a service business into the Issuer, and (b) online advertising business into Hapuna.

Under the terms of the Arrangement Agreement, Kona Bay agreed to transfer its:

(a) SaaS Assets to the Issuer in exchange for (i) the Bexar Cash Payment, (ii) the Bexar Promissory Note, and (iii) the issuance of 4,761,199 Common Shares to the Kona Bay Shareholders; and

(b) Online Advertising Assets to Hapuna in exchange for (i) the Hapuna Cash Payment, (ii) the Hapuna Promissory Note, and (iii) the issuance of 4,761,199 common shares of Hapuna to the Kona Bay Shareholders.

On March 14, 2017, Kona Bay obtained the Interim Order, which provided for the calling and holding of the Meeting and other procedural matters. On April 24, 2017, the shareholders of Kona Bay, by special resolution, approved the Arrangement. Shortly thereafter, on April 28, 2017, Kona Bay obtained the Final Order, which provided the Court's approval of the Arrangement.

On December 13, 2017, the Issuer closed the Arrangement.

Immediately after closing of the Arrangement, the Issuer completed the Consolidation whereby the Issuer consolidated all of its issued and outstanding Common Shares on the basis of one (1) post-Consolidation Common Share for every two (2) pre-Consolidation Common Shares.

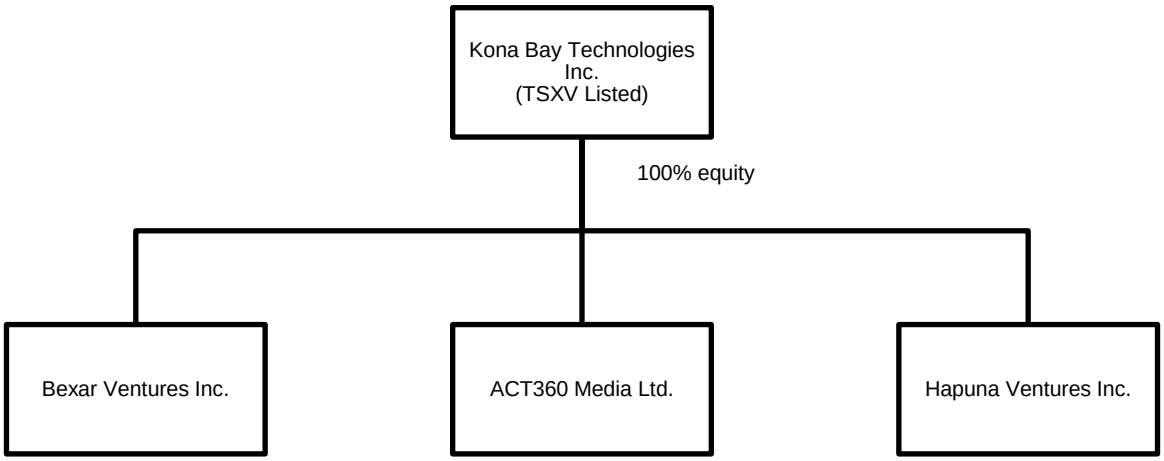
On January 4, 2018, the Issuer became a reporting issuer in the provinces of British Columbia, Alberta, and Ontario.

On February 28, 2018, the Issuer also completed a non-brokered private placement financing of 2,400,000 Units at a price of $0.10 per unit for gross proceeds of $240,000. Each Unit is comprised of one post-Consolidation Common Share and one post-Consolidation Common Share purchase warrant, with each warrant entitling the holder to purchase one additional post-Consolidation common share at $0.10 per share for a period of five years from the date of the issue. The proceeds of the Financing will be used to fund the business operations of the Issuer.

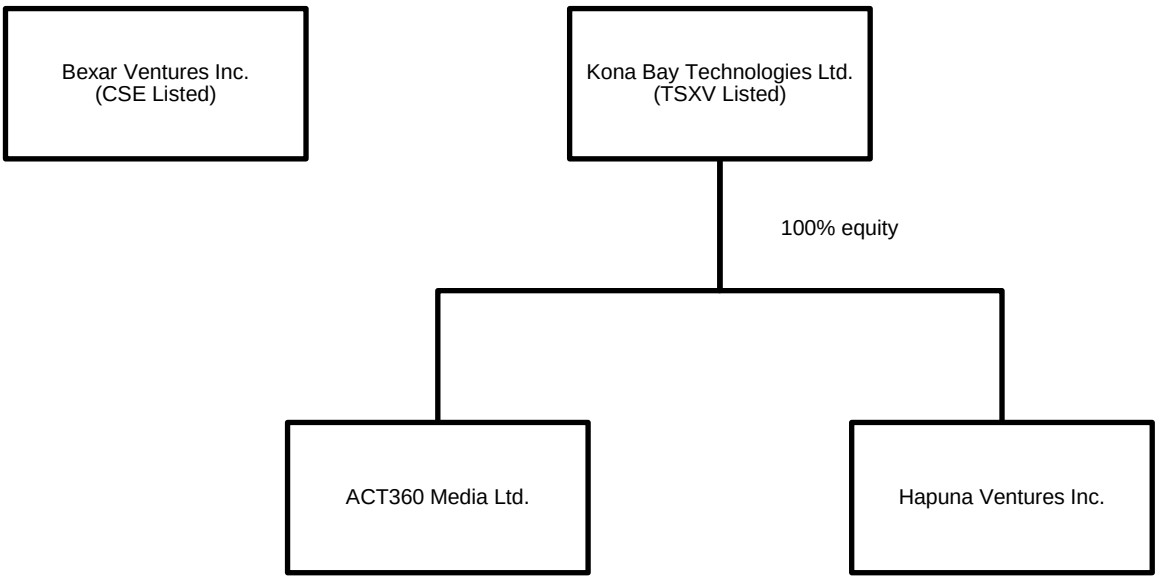
Spin-off of SaaS Assets to the Issuer

The following diagram summarizes the structure of the entities prior to and after completion of the Arrangement:

Pre-Spin-Off of SaaS Assets



Post-Spin-Off of SaaS Assets



Fundamental Change

The Issuer is not requalifying for a listing following a fundamental change or proposing an acquisition, amalgamation, merger, reorganization or arrangement.

Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable.

ITEM 3. GENERAL DEVELOPMENT OF THE BUSINESS

Spin-off of SaaS Assets to the Issuer

During the fourth calendar quarter of 2016, management of Kona Bay undertook a strategic review of the alternatives available to enhance shareholder value. Based on this review, management determined that it would be in the best interest of Kona Bay to separate its Online Advertising Assets and SaaS Assets into two newly formed independent public companies. Accordingly, on January 31, 2017, Kona Bay incorporated the Issuer and Hapuna.

On February 28, 2017, Kona Bay, together with ACT360, entered into the Arrangement Agreement with Hapuna and the Issuer. The Arrangement Agreement and Arrangement were approved by the Issuer's shareholders on April 24, 2017 and approved by the Court on April 28, 2017.

The Arrangement was completed on December 13, 2017. As a result of closing of the Arrangement, the Issuer will be primarily engaged in the software as a service business as described in detail under "*Item 4. Narrative Description of Business*".

Three Year History

The Issuer provides fully managed and hosted solutions, which reduce the burden on internal IT resources. The Issuer typically works directly with client product teams to design, code, host, and maintain software applications. The Issuer's value proposition for clients is end-to-end management of the process, eliminating the need to allocate internal IT resources.

Over the past three years, the SAAS Assets have generated revenue from three major multinational clients to fund operations. The Issuer charges an annual hosting/service fee and separate service agreements for software development.

The following table sets forth the annual revenues for the fiscal years ended 2015, 2016 and 2017.

	Year Ended Sept 30, 2015 (Audited)	Year Ended Sept 30, 2016 (Audited)	Year Ended Sept 30, 2017 (Audited) (1)
Revenue	$190,437	$435,081	$423,387

Notes:

(1) The fiscal year end of September 30, 2017 occurred prior to the Arrangement completion date of December 13, 2017. The audited financial statements of the Issuer as of September 30, 2017 disclose revenues of $31,632 reflecting only the business transferred to and completed by the Issuer. Total revenues of $423,387 were disclosed as revenue related to the discontinued operation of the Bexar business segment in the audited financial statements of Kona Bay as of September 30, 2017 (refer to Note 17). See Management Discussion and Analysis below.

Financing

On February 28, 2018, the Issuer completed a non-brokered private placement of 2,400,000 Units at a price of $0.10 per unit for gross proceeds of $240,000. Each Unit is comprised of one post-Consolidation Common Share and one post-Consolidation Common Share purchase warrant, with each warrant entitling the holder

to purchase one additional post-Consolidation common share at $0.10 per share for a period of five years from the date of the issue. The proceeds of the Financing will be used to fund the business operations of the Issuer.

Significant Acquisitions or Dispositions

On December 13, 2017, the Issuer completed the Arrangement whereby it acquired the SaaS Assets from Kona Bay. See "*Item 3. General Development of Business – Spin-Off of SaaS Assets to the Issuer".*

Trends, Commitments, Events or Uncertainty

There are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Issuer's business, the Issuer's financial condition or results of operations. However, there are significant risks associated with the Issuer's business as described in "*Item 17. Risk Factors*".

ITEM 4. NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The Issuer is a software development company that specializes in online testing platforms for training and high-stakes applications. The Issuer designs, develops, and manages an online testing platform for higher education clients with multiple campus locations and complex requirements. The testing platform is highly flexible and supports a wide range of question content types incorporating multimedia elements for reading, writing, speaking, and listening assessments. Higher education clients use the platform to deliver practice tests, high-stakes assessments, and professional training.

The Issuer's software as a service platform offers clients several key value propositions:

- Custom modules with powerful features tailored to the needs of academic staff;
- Rapid development cycle which decreases deployment time for academic service offerings;
- Fully managed and hosted solutions reducing the burden on internal IT resources.

In June 2017, the Issuer executed a partnership agreement with a Vancouver-based software development team to significantly expand the engineering capabilities of the Issuer. Under the agreement, the Issuer will have access to senior software developers with experience in developing complex projects with mobile, website, business engine, server, API, database, and distributed infrastructure requirements. The partnership enables the Issuer to scale the number of clients and projects it can support, without a corresponding increase in fixed overhead expenses.

Principal Products and Services

The Issuer's core product is a full-featured online exam platform with the following software components:

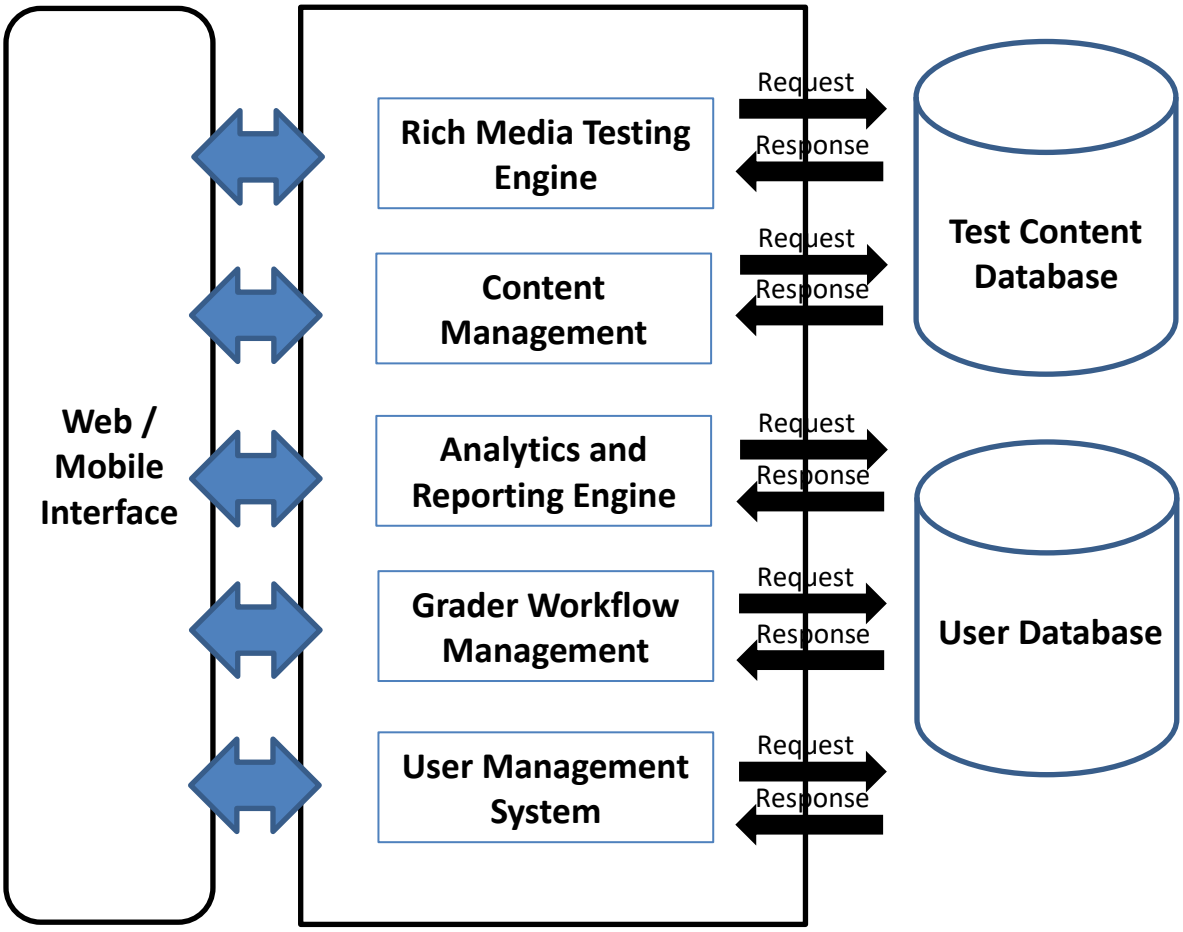
1. A streamlined user interface that supports standard and advanced questions types;

2. Centralized grading module with a workflow solution that supports pools of graders with multiple classes assigned to a pool;

3. Content management system supporting random test creation, multiple languages, and test result norming; and

4. API that enables integration with legacy student management and learning management systems.

Figure 1
The Issuer's Online Assessment Platform



In response to client demands, the Issuer is extending its online exam platform to support mobile devices including tablet computers and mobile phones for both Google and iOs operating systems.

In addition to online assessment, the Issuer is developing opportunities with existing education clients for related applications as a way to increase revenue. Examples include a mobile app platform with gamification elements and social learning integration to deliver branded courses and training, and a student lifecycle management tool to support lead management, agent tracking, application processing, and enrolment management.

To attract new clients and explore growth opportunities beyond education into other vertical markets, the Issuer also offers the following IT services:

- Rapid prototyping / proof of concept to enable corporate clients to visualize product offering;
- Minimum viable product development to enable corporate clients to evaluate market acceptance;
- Rich media content development to enable corporate clients to deploy media assets;
- Full stack application development to enable clients to rapidly deploy and monetize business concepts;
- Integration with legacy systems for clients requiring backwards compatibility with existing systems; and
- Enterprise maintenance and support for clients lacking the ability to scale internally.

Business Objectives

Over the next twelve months, the Issuer's business objectives are as follows:

Business Objective	Target Date	Estimated Cost($)
To transform the Issuer's revenue model by reconfiguring the online testing platform into a cloud-based solution to be sold to new enterprise clients on a software-as-a-service (SAAS) basis.	Sept 2018	$60,000
To increase market awareness of the Issuer's brand and product and service offerings via social media and digital marketing campaigns.	Sept 2018	$10,000
To acquire new clients by investing in a commission-based marketing and sales team.	Sept 2018	$50,000
To diversify beyond education by penetrating new markets in corporate and professional training.	Dec 2018	N/A
To identify strategic partners and/or acquisitions that will enable the Issuer to achieve critical mass, revenue growth, and sustained profitability.	Ongoing	N/A
Total		$120,000

The Issuer plans to attract new clients for the online testing platform through a combination of employing a marketing and sales team and engaging current industry contacts. To generate leads and attract new clients, the Issuer anticipates investing up to $10,000 in social media and digital marketing campaigns to increase market awareness of the Issuer's products and services.

The Issuer also intends to employ the marketing and sales team over the next 12 months. Sales representatives will be paid principally by commission for each new client that signs a contract for access to the testing platform and/or custom software development services. The Issuer is allocating $50,000 to commissions for its sales representatives over the next 12 months.

Sales representatives will receive a commission on the value of the initial contract and any follow-on software modules and new features. Sales representatives will also be paid a commission for the first 12 months of hosting and support purchased by a new client.

The Issuer anticipates it will generate sufficient cash flow to pay for the business objectives set forth above.

Available Funds and Principle Purposes

Funds Available

The following is a breakdown of the funds that will be available to the Issuer (the "Available Funds") as of the most recent month end prior to filing this Listing Statement:

Source of Funds	Available Funds ($)
Estimated working capital deficit of the Issuer (1)	$(17,596)
Bexar Cash Payment	(95,000)
Bexar Promissory Note Interest Payment (2)	(12,000)
Proceeds of Financing (3)	240,000
Total Unallocated Working Capital	**$115,404**

Note:
(1) Based on working capital of $(17,596) as at September 30, 2017.
(2) Based on one year's anticipated interest expense.
(3) Based on the gross proceeds of the financing of $240,000.

Principal Purposes

The Issuer anticipates it will generate sufficient cash flow to pay for the business objectives set forth above and to meet its ongoing operating expenses over the next twelve months. If it wishes to undertake any acquisitions or other capital expenditures in addition to the amounts set forth above, the Issuer will utilize its unallocated working capital and, if required, raise additional capital through equity or debt financing. In the event that the Issuer raises additional capital, there is no assurance that the Issuer will be successful in raising additional capital or that if additional capital is required, that it will be available on terms acceptable to the Issuer.

Operations

The Issuer's head office is located at Suite 1116, 207 W. Hastings Street, Vancouver, BC.

Specialized Skill and Knowledge

The Issuer has retained employees and consultants with specialized skill and knowledge for the development of online testing platforms. In particular, these employees and consultants have an understanding of the specialized requirements in marketing education programs to a global audience.

Intellectual Property

The Issuer has not filed any patents or patent applications in connection with its business.

Seasonality

The business of the Issuer is not subject to seasonality fluctuations.

Employees

The Issuer has four full-time employees and various consultants and part-time contractors for quality assurance, content development, graphical user interface design, and software development.

Foreign Operations

The Issuer's digital operations are conducted primarily in Canada, with clients that are located in the United States.

Significant Customers

The Issuer relies on three major clients for all of its revenue. The Issuer's contracts with each major client consists of a master services agreement with appended statements of work describing a specific project. Each statement of work specifies deliverables, payment schedules and terms, and acceptance criteria. Statements of work may be terminated by either party with the Issuer to be compensated for work in progress. The Issuer is compensated in cash and typically, there are no equity components to the agreements.

Changes to Contracts

The Issuer does not anticipate its business will be affected by renegotiation or termination of contracts or sub-contracts during the current financial year.

Market for Products

Market Segment and Geographic Areas

The Issuer operates in the online testing market, a sub segment of the e-learning industry. The Issuer is focused primarily on the North America market, where the United States is the leader in the adoption of e-learning technologies and services. According to Ambient Insight Research, the North America market generated US$23 billion in revenue in 2016, representing 50% of the worldwide market for e-learning products and services.

Industry Trends

Corporate E-learning Growth

According to the latest market study released by Technavio, the size of the global corporate e-learning market is expected to grow at a CAGR of 11.41% during the 2016 to 2020 period.

Enterprises of different sizes have started considering e-learning as a viable solution to their budget and productivity-related issues, as changing business needs and technology improvements have encouraged the adoption of e-learning solutions at the expense of traditional teaching methods. The introduction of social, mobile, analytics, and cloud technologies has also facilitated the adoption of e-learning solutions. These new technologies offer the advantage of being able to reach a wider number of trainees at a fraction of the cost of the traditional instructor-led classroom model.

Shift to Cloud Services

Led by small and medium enterprises, Software as a Service (SaaS) platform offerings are growing market share as part of broader shift from traditional IT offerings to hosted cloud services. According to Gartner Inc., more than $1 trillion in IT spending will be directly or indirectly affected by the shift to cloud over the next five years. Hosted e-learning and testing platforms provide cost benefits compared to traditional on-premise deployments, especially with respect to customization and integration issues.

Legacy System Replacement

While most organizations that require e-learning systems already have invested in such systems, there is a significant churn trend as buyers can now easily switch to new suppliers. In a recent study, Brandon Hall Group found nearly half of the companies surveyed in 2016 are considering replacing their learning management system (LMS). 87% of all surveyed indicate it is the need for an improved user experience. The second most-common reason is the need for an improved administrative experience (74%).

Buyers, therefore, are moving away from old legacy products and new suppliers are entering the market to meet the demand for more advanced products.

Market Acceptance

The marketplace for international education and eLearning is becoming more focused on products that integrate social aspect to learning a new language. Accordingly, the Issuer believes its products have been accepted by the marketplace.

Obsolescence

A competitor can develop a product that would render the Issuer's SaaS business obsolete. There can be no assurance that such obsolescence will not occur, which will have a material adverse impact on the Issuer's operations.

Bankruptcy and Similar Procedures

The Issuer does not have any bankruptcy, receivership or similar proceedings or any voluntary bankruptcy, receivership or similar proceedings within the three most recently completed financial years or completed during or proposed for the current financial year.

Asset Backed Securities

The Issuer does not have any asset backed securities.

Companies with Mineral Properties

The Issuer does not have any mineral properties.

Companies with Oil and Gas Operations

The Issuer does not have any oil and gas operations.

ITEM 5. SELECTED FINANCIAL INFORMATION

Selected Annual Information

The following table summarizes selected audited financial information of the Issuer for the fiscal years ended September 30, 2017, 2016 and 2015. The information should be read in conjunction with the Issuer's audited annual financial statements and related notes thereto, attached hereto.

	Year ended 09/30/2015 (audited pro forma) $	Year ended 09/30/2016 (audited pro forma) $	Year ended 09/30/2017 (audited) (1) $
Statement of Operation			
Revenue	190,437	435,081	423,287
Operating Expenses	(156,488)	(231,219)	(246,003)
Other Items	(36,100)	(120,853)	(18,903)
Net Income (Loss)	(2,151)	83,009	158,481
Financial Position			
Current Assets	54,691	210,537	52,934
Total Assets	56,259	220,037	52,934
Total Liabilities	(34,181)	(85,097)	89,494
Shareholders' Equity	22,078	134,940	(36,560)

(1) For the year ended September 30, 2017, the Issuer's business operations and the SaaS Assets resided within ACT360, a subsidiary of Kona Bay, and classified as assets held for sale prior to the closing of the Arrangement on December 13, 2017. Consequently the financial results of the Issuer's business operations for the year ended September 30, 2017 were reported in Kona Bay's consolidated audited financial statements. Refer to Note 11 of the Issuer's audited financial statements for the year ended September 30, 2017.

(2) The Issuer's audited financial statements for the year ended September 30, 2017 reflect only those customer contracts and operations that were migrated from ACT360 to the Issuer beginning August 2017. As the Issuer was also a subsidiary of Kona Bay, the Issuer's financial results were included as part of Kona Bay's consolidated financial statements.

Revenues	$31,632
Expenses	(30,289)
Other items	(51,440)
Loss from operations	$(50,097)

See Management Discussion and Analysis below.

Dividends

The Issuer has never declared, nor paid, any dividend since its incorporation and does not foresee paying any dividend in the near future since all available funds will be used for working capital purposes. Any future payment of dividends will depend on the financing requirements and financial condition of the Issuer and other factors which the Board, in its sole discretion, may consider appropriate.

Under the BCA, the Issuer is prohibited from declaring or paying dividends if there are reasonable grounds for believing that the Issuer is insolvent or the payment of dividends would render the Issuer insolvent.

Foreign GAAP

Not Applicable.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS

The Issuer's Management's Discussion and Analysis for the fiscal years ended September 30, 2017 and 2016 are as follows:

Annual Financial Statements for the years ended September 30, 2017 and 2016

Results of Operations

During the year ended September 30, 2017 and as part of the planning related to the Arrangement, Kona Bay incorporated the Issuer. In August 2017, Kona Bay commenced migrating certain customer contracts and business operations from ACT360 to the Issuer prior to the closing of the Arrangement on December 13, 2017.

Consequently, the financial statements of the Issuer as of September 30, 2017 represent only that portion of the revenues and expenses booked in the Issuer's records, which were consolidated into the results of Kona Bay and then presented as discontinued operations. Restructuring costs of $51,440 in the Issuer's financial statements are not presented below, as they are not operational expenses of the segment.

The overall results for the Issuer's consolidated business operations are presented in Note 11 to the audited consolidated financial statements of the Issuer.

The presentation below reflects the comparative business segment results as reported by the Issuer in Note 11 (Corporate Restructuring) of the Issuer's audited financial statements for the year ended September 30, 2017 and Note 17 (Discontinued Operations) of Kona Bay's audited financial statements for the year ended September 30, 2017 compared to the pro forma statements of the previous year:

Kona Bay Discontinued Operations, as reported September 30, 2017:	
	$
Revenue	$ 423,387
Accounting and legal	13,940
Consulting	56,197
Foreign exchange	829
Selling office and general	1,635
Wages and benefits	173,402
	246,003
Income before other items	177,384
Income tax	(18,903)
Net Income (loss)	$ 158,481

During the year ended September 30, 2017 and 2016 the business segment sales were $423,387 (2016 - $435,081), and comprehensive income was $158,481 (2016 - $83,009). Revenue decreased nominally by 3% due to normal fluctuations in software development contracts with existing clients.

The most significant elements of the combined business segment results are:

- Accounting and legal fees were higher at $13,940 compared to $9,086 in the previous year due to the expense of implementing the Issuer as a separate subsidiary and the Arrangement overall;
- Consulting was $56,197 (2016 - $nil) due to the engagement of external consultants for software development work related to client projects.
- Depreciation was $nil (2016 - $1,752) as no tangible assets were transferred to the Issuer;
- Foreign exchange was a loss of $829 (2016 - $3,645) due to fluctuation in the United States dollar, which is the primary currency in which the Issuer bills its clients for software development services;
- Selling, office and general expenses were $1,635 (2016 - $42,727) due to changes in allocations as ACT360 retained most of these expenses. Management anticipates that future results will reflect higher expenses as the Issue commences its own operations;
- Wages and benefits decreased to $173,402 (2016 - $174,009);
- Income tax expense of $18,903 was recorded by ACT360 to reflect the expense of the Arrangement (2016 - $nil).

Fiscal 2017 Compared to 2016

For the year ended September 30, 2017, business segment revenue decreased by 3% to $423,387 from $435,081. The segment continues to rely on three major multinational clients for its revenue, and as such, the timing of revenue is subject to their budgets and requirements

Expenses were $246,003 during 2017 compared to $231,219 in 2016, an increase of 6%. The most significant portion of this increase is attributable to the engagement of external consultants for software development.

The business segment had comprehensive income of $158,481 compared to comprehensive income of $83,009 during the previous year.

The above numbers exclude restructuring costs of $51,440.

Financing Activities

No financings were completed during the year ended September 30, 2017 and 2016.

On February 28, 2018, the Issuer completed a non-brokered private placement financing of 2,400,000 Units at a price of $0.10 per unit for gross proceeds of $240,000. Each Unit is comprised of one post-Consolidation Common Share and one post-Consolidation Common Share purchase warrant, with each warrant entitling the holder to purchase one additional post-Consolidation common share at $0.10 per share for a period of five years from the date of the issue. The proceeds of the Financing will be used to fund the business operations of the Issuer.

Liquidity and Capital Resources

The Issuer's aggregate operating, investing and financing activities for the year ended September 30, 2017 resulted in cash of $12,555. There is no comparative for 2016. As at September 30, 2017, the Issuer's cash and cash equivalents balance was $12,555 and the Issuer had a working capital deficit of $17,596. As disclosed in Note 17 to the financial statements of Kona Bay, the business segment as a whole generated cash of $213,944 during the year.

During the year ended September 30, 2016, the Issuer paid $nil to acquire equipment. No other capital expenditures were incurred.

Transactions with Related Parties

The Issuer has identified its directors and certain senior officers as its key management personnel and the compensation costs for key management personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties. Related party companies include Kona Bay and its other subsidiaries.

As disclosed in the audited financial statements of the Issuer:

- The balance due to parent company Kona Bay is the result of issuing incorporation shares owned by Kona Bay and the allocation of share subscriptions received by the Issuer to Kona Bay. During the period, the Issuer paid $95,000 to Kona Bay in respect of restructuring costs.
- The balance due to Hapuna, a company under common control, is the result of the allocation of share subscriptions received by the Issuer to Hapuna.
- The balance due to ACT360, a company under common control, is the result of ACT360 incurring wages and benefits expenses on behalf of the Issuer.

These balances are unsecured, non-interest bearing and have no specific terms of repayment.

Financial Instruments

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

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the Issuer is exposed to risks that arise from its use of financial instruments. This note describes the Issuer'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 financial statements.

There have been no substantive changes in the Issuer's exposure to financial instrument risks, its objectives, polices and processes for managing those risks or the methods used to measure them from previous years unless otherwise stated in the note.

General Objectives, Policies, and Processes:

The Board of Directors has overall responsibility for the determination of the Issuer'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 the Issuer's finance function.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Issuer'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.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and US dollar or other foreign currencies will affect the Issuer's operations and financial results. The Issuer has significant exposure to foreign exchange rate fluctuation. The Issuer is exposed to currency risk to the extent that monetary assets and liabilities held by the Issuer are not denominated in Canadian dollars. The Issuer has not entered into any foreign currency contracts to mitigate this risk. The Issuer holds balances in United States dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the US dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $1,921 (September 30, 2015: $2,497) as detailed below:

United States Dollar Denominated Balances	2017 $	2016 $
Cash	-	12,687
Accounts receivable	27,388	6,524
	27,388	19,211
10% change in exchange rate impact	2,739	1,921

Credit Risk

Credit risk is the risk of financial loss to the Issuer if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Issuer consist primarily of cash and cash equivalents. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Issuer has gross credit exposure at September 30, 2017 relating to cash and cash equivalents of $12,555 held in deposits at a Canadian chartered bank. The Issuer considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date. The Issuer has gross credit exposure at September 30, 2017 relating to trade accounts receivable of $34,180. The Issuer considers this credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Issuer will not be able to meet its financial obligations as they become due. The Issuer'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 Issuer'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 Issuer ensures that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Issuer prepares annual capital expenditure budgets which are regularly monitored and updated as considered necessary.

The Issuer monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable.

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

Accounts payable and accrued liabilities	Up to 3 months $	Between 3 and 12 months $	Between 1 and 2 years $	Over 5 years $	Total $
September 30, 2016	8,734	53,318	-	-	62,052

ITEM 7. MARKET FOR SECURITIES

Currently, there is no market for the Issuer's Shares. As of the date of the Listing Statement, the Issuer's securities are not listed or quoted on any stock exchange or quotation and trade reporting system.

ITEM 8. CONSOLIDATED CAPITALIZATION

The following table sets forth the consolidated capitalization of the Issuer as of the date: (i) of the comparative financial statements for the Issuer's most recently completed financial year contained in this Listing Statement (September 30, 2017); (ii) following completion of the Arrangement and Consolidation and finally (iii) after completion of the Arrangement, Consolidation and Financing:

Designation of Security	Authorized	Amount as of September 30, 2017 (fully diluted)	After Completion of the Arrangement and Consolidation (1)	After Completion of the Arrangement, Consolidation and Financing
Common shares	Unlimited	1	2,380,601	4,780,601
Stock Options	-	-	-	-
Warrants	-	-	-	2,400,000
Long Term Debt	-	-	$200,000(2)	$200,000

Notes:

(1) On closing of the Arrangement, the Issuer issued a total of 4,761,199 pre-Consolidation Common Shares. Following completion of the Consolidation and prior to closing the Financing, the Issuer had 2,380,601 post-Consolidation Common Shares issued and outstanding.

(2) This amount relates to the Bexar Promissory Note issued in conjunction with closing the Arrangement.

ITEM 9. OPTIONS TO PURCHASE SECURITIES

Stock Option Plan

The Issuer has adopted the Stock Option Plan, which is a "rolling" 10% stock option plan. The purpose of the Stock Option Plan is to advance the interests of the Issuer by encouraging the directors, officers, employees, management company employees and consultants of the Issuer, and of its subsidiaries and affiliates, if any, to acquire common shares in the share capital of the Issuer, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of its affairs. The Stock Option Plan provides that, subject to the requirements of the CSE, the aggregate number of securities reserved for issuance will be 10% of the number of the Issuer's common shares issued and outstanding from time to time. The Stock Option Plan will be administered by the Issuer's board of directors, which will have full and final authority with respect to the granting of all options thereunder.

Options may be granted under the Stock Option Plan to such service providers of the Issuer and its affiliates, if any, as the board of directors may from time to time designate. The exercise price of option grants will be determined by the board of directors, but after listing on the CSE will not be less than the closing market price of the Common Shares on the CSE less allowable discounts at the time of grant. The Stock Option Plan provides that the number of Common Shares that may be reserved for issuance to any one individual upon exercise of all stock options held by such individual may not exceed 5% of the issued Common Shares. All options granted under the Stock Option Plan will expire not later than the date that is ten years from the date that such options are granted. Options terminate earlier as follows: (i) immediately in the event of dismissal with cause; (ii) 90 days from date of termination other than for cause; or (iii) one year

from the date of death or disability. Options granted under the Stock Option Plan are not transferable or assignable other than by will or other testamentary instrument or pursuant to the laws of succession.

Options Granted

The Issuer has not granted any stock options.

ITEM 10. DESCRIPTION OF THE SECURITIES

Description of Securities

The Issuer's authorized capital consists of an unlimited number of common shares without par value and an unlimited number of preferred shares without par value.

The holders of the common shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of the Issuer and each common share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of the Issuer. The holders of the common shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the board of directors of the Issuer may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the common shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Issuer, the remaining property and assets of the Issuer. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

The holders of the preferred shares are not entitled to receive notice of, attend or vote at any meetings of the shareholders of the Issuer other than meetings of the holders of preferred shares. The holders of the preferred shares, subject to the prior rights, if any, of any other class of shares of the Issuer, are entitled to receive such dividends in any financial year as the board of directors of the Issuer may by resolution determine. In the event of the liquidation, dissolution or winding-up of the Issuer, whether voluntary or involuntary, the holders of the preferred shares are entitled to receive, in priority to any payment to the holders of common shares, the amount paid up with respect to each preferred share and an amount equal to all declared and unpaid dividends on such preferred shares. The common shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Miscellaneous Securities

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable to the share structure of the Issuer.

Prior Sales

During the 12 months preceding the Listing Statement, the Issuer issued the following common shares and securities convertible into common shares:

Date of Issuance	Type of Security Issued	Number of Securities Issued	Price per Security	Total Funds Received
January 31, 2017	Common Shares	1	$1.00	$1.00
December 13, 2017	Common Shares	2,380,601(1)	(1)	(1)
February 28, 2018	Common Shares	2,400,000	$0.10	$240,000
February 28, 2018	Warrants	2,400,000	-	-

Note:

(1) On closing of the Arrangement, the Issuer issued a total of 4,761,199 pre-Consolidation Common Shares. Following completion of the Consolidation and prior to closing the Financing, the Issuer had 2,380,601 post-Consolidation Common Shares issued and outstanding.

Stock Exchange Price

The Issuer's shares are not and have not been listed on any stock exchange.

ITEM 11. ESCROWED SECURITIES

In accordance with the policies of the CSE, all shares owned by the Issuer's principals are required to be placed in escrow on listing of the Issuer's common shares on the CSE pursuant to National Policy 46-201 - Escrow for Initial Public Offerings ("NP 46-201"). On listing, the Issuer anticipates being deemed an "Emerging Issuer".

The following securities of the Issuer (the "Escrowed Securities") are held by, and are subject to the terms of an escrow agreement dated February 28, 2018 among the Issuer, National Issuer Services Ltd., as escrow agent, and the Escrow Security Holders (the "Escrow Agreement"):

Designation of Class	Number of Securities	Percentage of Issued Shares
Common Shares	1,386,429	29%

As the Issuer anticipates being an "Emerging Issuer", the following automatic timed releases will apply to the Common Shares held by its principals who are subject to escrow:

On the Listing Date	1/10 of the escrow securities
6 months after the Listing Date	1/6 of the remaining escrow securities
12 months after the Listing Date	1/5 of the remaining escrow securities
18 months after the Listing Date	1/4 of the remaining escrow securities
24 months after the Listing Date	1/3 of the remaining escrow securities
30 months after the Listing Date	1/2 of the remaining escrow securities
36 months after the Listing Date	the remaining escrow securities

Assuming there are no changes to the escrow securities initially deposited and no additional escrow securities are deposited, this will result in a 10% release on the listing date (as defined by NP 46-201), with the remaining escrow securities being released in 15% tranches every 6 months thereafter.

Under NP 46-201, a "principal" is: (a) a person who has acted as a promoter of the Issuer within two years of the date of this prospectus; (b) a director or senior officer of the Issuer at the time of this prospectus; (c) a person that holds securities carrying more than 20% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's initial public offering; and (d) a person that: (i) holds securities carrying more than 10% of the voting rights attached to the Issuer's outstanding securities immediately before and immediately after the Issuer's initial public offering; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer. A principal's spouse and their relatives that live at the same address as the principal will be deemed principals and any securities of the Issuer held by such a person will be subject to the escrow requirements.

The automatic time release provisions under NP 46-201 pertaining to "established issuers" provide that 25% of each principal's escrowed securities are released on the listing date, with an additional 25% being released in equal tranches at six month intervals over 18 months. If, within 18 months of the listing date, the Issuer meets the "established issuer" criteria, as set out in NP 46-201, the escrow securities will be eligible for accelerated release according to the criteria for established issuers. In such a scenario that

number of escrow securities that would have been eligible for release from escrow if the Issuer had been an "established issuer" on the listing date will be immediately released from escrow. The remaining escrow securities would be released in accordance with the time release provisions for established issuers, with all escrow securities being released 18 months from the listing date.

Under the terms of the Escrow Agreement, Escrowed Securities cannot be transferred by the holder unless permitted under the Escrow Agreement. Notwithstanding this restriction on transfer, a holder of Escrowed Securities may (a) pledge, mortgage or charge the Escrowed Securities to a financial institution as collateral for a loan provided that no Escrow Securities will be delivered by the escrow agent to the financial institution; (b) exercise any voting rights attached to the Escrow Securities; (c) receive dividends or other distributions on the Escrow Securities; and (d) exercise any rights to exchange or convert the Escrow Securities in accordance with the Escrow Agreement.

The securities of the Issuer held in escrow may be transferred within escrow to: (a) subject to approval of the Issuer's board of directors, an individual who is an existing or newly appointed director or senior officer of the Issuer or of a material operating subsidiary of the Issuer; (b) subject to the approval of the Issuer's board of directors, a person that before the proposed transfer holds more than 20% of the voting rights attached to the Issuer's outstanding securities; (c) subject to the approval of the Issuer's board of directors, a person that after the proposed transfer will hold more than 10% of the voting rights attached to the Issuer's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Issuer or any of its material operating subsidiaries; (d) upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities; (e) upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative; (f) a financial institution that the holder pledged, mortgaged or charges to a financial institution as collateral for a loan on realization of such loan; and (g) a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF") or similar registered plan or fund with a trustee, where the annuitant of the RRSP or RRIF, or the beneficiaries of another plan or fund are limited to the holders spouse, children or parents, or if the holder is the trustee of such registered plan or fund, to the annuitant of the RRSP or RRIF, or a beneficiary of the other registered plan or fund or his or her spouse, children or parents.

In addition, tenders of Escrowed Securities pursuant to a business combination, which includes a take-over bid, issuer bid, statutory arrangement, amalgamation, merger or other reorganization similar to an amalgamation or merger, are permitted. Escrowed Securities subject to a business combination will continue to be escrowed if the successor entity is not an "exempt issuer", the holder is a principal of the successor entity; and the holder holds more than 1% of the voting rights of the successor entities' outstanding securities.

Under the terms of the Escrow Agreement, 10% of each escrowed shareholder's shares (a total of 138,641 Common Shares) will be released from escrow on the Listing Date. The remaining 1,247,771 Common Shares which will be held in escrow immediately following the Listing Date.

ITEM 12. PRINCIPAL SHAREHOLDERS

Except as set forth below, no persons beneficially own, directly or indirectly, or exercise control or direction over common shares carrying more than 10% of the voting rights attached to the outstanding common shares of the Issuer.

Name	No. of Shares Owned or Controlled	Percentage of Outstanding Shares
Yi Cao	500,000	10.5%

ITEM 13. DIRECTORS AND OFFICERS

Directors and Officers

The following table sets out the names, municipalities of residence, the number of voting securities beneficially owned, directly or indirectly, or over which each exercises control or direction, and the offices held in the Issuer and the principal occupation of the directors and senior officers during the past five years.

Name Municipality/Province of Residence and Position(s) with the Issuer(1)	Principal Occupation Business or Employment for Last Five Years(1)	Date of Appointment as Director or Officer	Number of Common Shares Owned(2)	Percentage
Vincent Wong(3) CEO and Director Vancouver, BC	CEO and Director of Kona Bay	January 31, 2017	451,063	9.4%
Charles E. Jenkins CFO Vancouver, B.C.	CFO of Kona Bay, CFO of Evolving Gold Corp.	On Closing of Arrangement	-	-
Dickson Hall(3) Director Vancouver, BC	Former Senior Vice President, Corporate Development, Hunter Dickinson Inc., Director of Dickson Hall & Associates Inc.	On Closing of Arrangement	360,345	7.5%
Frank Harley(3) Director Hong Kong	Director, Sharakoo Group Ltd. Executive director, Riverwest Capital	On Closing of Arrangement	75,021	1.6%
Total:			886,429	18.5%

Notes:
(1) Information has been furnished by the respective directors and officers individually.
(2) Figures represent ownership following completion of the Arrangement, Consolidation and Financing.
(3) Member of audit committee.

Board Committees of the Issuer

Audit Committee

The Issuer has an Audit Committee comprised of Vincent Wong, Dickson Hall and Frank Harley. There are presently no other Board committees

The overall purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities with respect to: the financial reporting process and the quality, transparency and integrity of the financial statements and other related public disclosures; internal controls over financial reporting; compliance with legal and regulatory requirements relevant to the financial statements and financial reporting; ensuring that there is an appropriate standard of corporate conduct for senior financial personnel and employees including, if necessary, adopting a corporate code of ethics; the external auditors' qualifications and independence; and the performance of the internal audit function and the external auditor. The Issuer has adopted a Charter of the Audit Committee of the Board of Directors.

Principal Occupation of Directors and Officers

Except as set out in the table below, none of our officers or directors are involved in acting as an officer of a person or company other than the Issuer as their principal occupation:

Name and Position	Principal Occupation
Vincent Wong CEO and Director	CEO and Director of Kona Bay

Charles E. Jenkins CFO	CFO of Kona Bay, CFO of Evolving Gold Corp.
Dickson Hall Director	Director of Dickson Hall & Associates Inc.
Frank Harley Director	Director of Sharakoo Group Ltd.

Cease Trade Orders

Other than as set forth below, no director or executive officer of the Issuer holding a sufficient number of securities to affect materially the control of the Issuer, is, or within 10 years before the date of this Listing Statement has been, a director or officer of any other Issuer that, while that person was acting in that capacity:

(a) was the subject of a cease trade or similar order, or an order that denied the other Issuer access to any exemptions under Ontario securities law, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

(b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, state the fact and describe the basis on which the order was made and whether the order is still in effect;

CY Oriental Holdings Ltd.

Dickson Hall, a proposed director of the Issuer, was a director of CY Oriental Holdings Ltd. ("CY Oriental") when a management cease trade order was issued against the insiders of CY Oriental and subsequent cease trade orders were issued against CY Oriental. These cease trade orders were issued in connection with CY Oriental's failure to file various continuous disclosure documents. Particulars of the orders are as follows:

(a) On April 30, 2008, the British Columbia Securities Commission issued a management cease trade order in connection with CY Oriental's failure to file annual financial statements and annual management discussion and analysis ("MD&A") for its fiscal year ended December 31, 2007; and

(b) On July 3, 2008, July 18, 2008 and October 3, 2008, the British Columbia Securities Commission, the Ontario Securities Commission and the Alberta Securities Commission respectively issued cease trade orders in connection with CY Oriental's failure to file, among other things, annual financial statements and annual MD&A for its fiscal year ended December 31, 2007 and interim financial statements and interim MD&A for the financial period ended March 31, 2008.

White Mountain Titanium Corporation

Mr. Jenkins served as CFO of White Mountain Titanium Corporation ("White Mountain"), a mineral exploration company quoted on the OTC Bulletin Board, from September 2006 to September 2012, and as a director of White Mountain from August 2007 to September 2012. On January 16, 2008, the British Columbia Securities Commission (the "BCSC') issued a cease trade order against White Mountain for its failure to file a Technical Report in compliance with National Instrument 43-101 – *Standards of Disclosure for Mineral Projects* to support a previous disclosed mineral resource estimate. White Mountain was not a reporting issuer in British Columbia at the time of the issuance of the cease trade order and was in full compliance with its reporting obligations with its principal filing jurisdiction, the United States Securities and

Exchange Commission. Following the filing of the Technical Report, the BCSC lifted the cease trade order on April 30, 2008.

Bankruptcies

To the knowledge of management of the Issuer, no director or executive officer of the Issuer, or shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, is or has been, within the ten years preceding the date of this Listing Statement:

(a) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact; or

(b) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, state the fact.

Penalties Sanctions and Settlements

To the knowledge of management of the Issuer, no director or officer of the Issuer, or any shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer has:

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

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

Personal Bankruptcies

To the knowledge of management of the Issuer, no director or officer of the Issuer, or a shareholder holding sufficient securities of the Issuer to affect materially the control of the Issuer, or a personal holding company of any such persons has, within the 10 years before the date of the Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of such person.

Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Issuer also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Issuer have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Issuer will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies provided under the *Business Corporations Act* (British Columbia).

Management

The Issuer's management team is comprised of Vincent Wong and Charles E. Jenkins. The following table provides information about each member of management that is in addition to the information included in the table in Section 13 above:

Name and Position with the Issuer	Age	Responsibilities with the Issuer	Employee or Independent Contractor?	Particular Industry Experience	Occupations for the previous five years	Non-Competition or Non-Disclosure Agreement? (Yes / No)
Vincent Wong[1] President and CEO	47	President and CEO	Employee	CEO and Director of Kona Bay	CEO and Director of Kona Bay, 2004 to present	No
Charles E. Jenkins[2] CFO and Secretary	62	CFO and Secretary	Independent Contractor	CFO of Kona Bay, CFO of Evolving Gold Corp.	CFO of Kona Bay, 2014 to present CFO of Evolving Gold Corp, 2010 to present CFO and Director of White Mountain Titanium Corp of 2006 to 2012 CFO and Director of Naturally Splendid Enterprises, 2011 to 2016	No

(1) Mr. Wong expects to allocate a minimum of 50% of his time to the management of the Issuer.
(2) Mr. Jenkins expects to allocate a minimum of 25% of his time to the management of the Issuer.

ITEM 14. CAPITALIZATION

The following table sets out information regarding the Issuer's common shares:

Issued Capital

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	4,780,601	7,180,601	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	2,711,376	4,086,376	56.7%	56.9%
Total Public Float (A-B)	2,069,225	3,094,225	43.3%	43.1%
Freely-Tradeable Float				
Number of outstanding securities subject to resale	3,211,429	5,611,429	67.2%	78.1%

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
restrictions, including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)	1,569,172	1,569,172	32.8%	21.9%

Public Securityholders (Registered)

Instruction: For the purposes of this report, "public securityholders" are persons other than persons enumerated in section (B) of the previous chart. List registered holders only.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	1	1
100 – 499 securities	1	200
500 – 999 securities	0	0
1,000 – 1,999 securities	8	11,792
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	30	3,006,107
	40	3,018,099

Public Securityholders (Beneficial)

Instruction: Include (i) beneficial holders holding securities in their own name as registered shareholders; and (ii) beneficial holders holding securities through an intermediary where the Issuer has been given written confirmation of shareholdings. For the purposes of this section, it is sufficient if the intermediary provides a breakdown by number of beneficial holders for each line item below; names and holdings of specific beneficial holders do not have to be disclosed. If an intermediary or intermediaries will not provide details of beneficial holders, give the aggregate position of all such intermediaries in the last line.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	7	168
100 – 499 securities	42	8,227
500 – 999 securities	11	6,100
1,000 – 1,999 securities	46	61,673
2,000 – 2,999 securities	12	24,250
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	59	913,774
Unable to confirm		

Non-Public Securityholders (Registered)

Instruction: For the purposes of this report, "non-public securityholders" are persons enumerated in section (B) of the issued capital chart.

Class of Security

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	0	0
100 – 499 securities	0	0
500 – 999 securities	0	0
1,000 – 1,999 securities	0	0
2,000 – 2,999 securities	0	0
3,000 – 3,999 securities	0	0
4,000 – 4,999 securities	0	0
5,000 or more securities	9	2,961,379
	9	2,961,379

Convertible/Exchange Securities

The following table sets out information regarding all securities convertible or exchangeable into any class of listed securities.

Description of Security (include conversion / exercise terms, including conversion / exercise price)	Number of convertible / exchangeable securities outstanding	Number of listed securities issuable upon conversion / exercise
Stock Options	Nil	Nil
Warrants (exercise price of $0.10)	2,400,000	2,400,000

ITEM 15. EXECUTIVE COMPENSATION

The following disclosure (presented in accordance with National Instrument Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers* ("**Form 51-102F6V**")) sets forth the anticipated compensation to be paid, awarded, granted, given or otherwise provided to each named executive officer and director after giving effect to the Arrangement.

"**Named Executive Officer**" (or "**NEO**") means each of the following individuals:

(a) the Chief Executive Officer ("**CEO**");

(b) the Chief Financial Officer ("**CFO**");

(c) the most highly compensated executive officer of the Company, including any of its subsidiaries, or the most highly compensated individual acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was more than $150,000 for that financial year; and

(d) each individual who would be a NEO under paragraph (c) but for the fact that the individual was not an executive officer of the Company, and was not acting in a similar capacity.

Director and NEO Compensation, Excluding Compensation Securities

The following table sets forth all forth the anticipated compensation to be paid, awarded, granted, given or otherwise provided to each named executive officer and director after giving effect to the Arrangement:

Table of Compensation (Excluding Compensation Securities)							
Name and Position	**Year**	**Salary, consulting fees retainer or commission ($)**	**Bonus ($)**	**Committee or Meeting Fees ($)**	**Value of Perquisites ($)**	**Value of All Other Compensa-tion ($)**	**Total Compensa-tion ($)**
Vincent Wong CEO and Director	2018	$3,500 / mth	Nil	NIL	NIL	NIL	$42,000
Charles E. Jenkins CFO	2018	$2,500 / mth	Nil	NIL	NIL	NIL	$30,000
Dickson Hall Director	2018	Nil	Nil	NIL	NIL	NIL	Nil
Frank Harley Director	2018	Nil	Nil	NIL	NIL	NIL	Nil

External Management Companies

All NEOs are employees of the Company and no external management company employs or retains individuals acting as NEOs.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued to each NEO and director by the Company or one of its subsidiaries in the most recently completed financial year for services provided or to be provided, directly or indirectly, to the Company or any of its subsidiaries.

Compensation Securities							
Name and Position	**Type of compensation security**	**Number of compensation Securities, number of underlying securities and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry Date**
Vincent Wong CEO and Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Charles E. Jenkins CFO	Options	Nil	N/A	N/A	N/A	N/A	N/A
Dickson Hall Director	Options	Nil	N/A	N/A	N/A	N/A	N/A
Frank Harley Director	Options	Nil	N/A	N/A	N/A	N/A	N/A

None of the NEOs or directors of the Company exercised any compensation securities during the most recently completed financial year.

Stock Option Plan

The Company currently has in place the Stock Option Plan, which was adopted by the directors of the Company on February 28, 2018.

Purpose. The purpose of the Stock Option Plan is to encourage and enable the directors, officers, employees and consultants of the Company and its subsidiaries to participate in the success of the Company.

Administration and Amendment. The Stock Option Plan is administered by the Board. The Board has the power and authority to determine the individuals to whom awards will be granted, and the nature, dates, amounts, exercise prices, vesting periods and other relevant terms of such awards, and to construe and interpret the terms of the Stock Option Plan and outstanding awards. To determine the fair market value of the shares for purposes of granting an award, the Board shall use the closing or last price of the shares on the CSE.

The Board may from time to time, subject to applicable law and to the prior approval, if required, of either the shareholders, the CSE or any other regulatory body having authority over the Company or the Stock Option Plan, suspend, terminate or discontinue the Stock Option Plan at any time, or amend or revise the terms of the Stock Option Plan or of any option granted under the Stock Option Plan and the option agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance will in any manner adversely affect any option previously granted to a grantee under the Stock Option Plan without the consent of that grantee.

Eligibility. Directors, officers, employees and consultants of the Company and its subsidiaries are eligible to receive award grants under the Stock Option Plan.

Securities Subject to the Current Stock Option Plan. As of the date hereof, the maximum aggregate number of shares reserved and available for issuance under the Stock Option Plan is 10% of the shares outstanding, on a non-diluted basis. In addition, any option granted to eligible persons who undertake "investor relations activities" (as such term is defined in the policies of the CSE) will not exceed 2% in the aggregate of the total number of issued and outstanding shares.

Outstanding Options. As of the date hereof 0 stock options are outstanding.

Stock options, when issued, will vest and become exercisable at various dates, as determined by the Board and set forth in the applicable option agreement, and will expire no more than ten years from the date of grant. Unless an applicable option agreement provides otherwise, once vested, a stock option will continue to be exercisable at any time or times prior to the earliest of (i) the date which is 12 months following the date on which the grantee's service to the Company terminates due to death or disability, or 90 days following the date on which the grantee's service to the Company terminates if the termination is without cause, if the grantee resigns, or if the grantee retires early, or (ii) the expiration date set forth in the applicable option agreement provided that, if the grantee's service to the Company is terminated for cause, the stock option will terminate immediately.

Stock options may be exercised in whole or in part, by giving written notice of exercise to the Company.

Employment, Consulting and Management Agreements

The Company has no employment contracts with any director or NEO.

Oversight and Description of Director and NEO Compensation

The objective of the Company's compensation program is to compensate the directors and executive officers for their services to the Company at a level that is both in line with the Company's fiscal resources and competitive with companies at a similar stage of development. The primary goal of the Company's executive compensation program is to:

(a) attract and retain the qualified key executives necessary for the Company's long term success;

(b) motivate the short term and long term performance of those executives; and

(c) align the executives interests with the Company's shareholders.

The Company's compensation strategy is focused on a performance based incentive reward package, using certain critical measurements that management is able to influence toward the short-term and long-term objectives of the Company.

The significant elements of compensation awarded to, earned by, paid or payable to the NEOs for the most recently completed financial year were: (i) base salary; (ii) bonus and other annual incentive awards; and (iii) other compensations, perquisites. No compensation is directly tied to a specific performance goal such

as a milestone or the completion of a transaction. No peer group is formally used to determine compensation.

Cash bonuses are structured to reward business excellence and operation outperformance, based on objective and subjective performance assessments and performance benchmark ratings assessed and approved by the Board. The assessment is focused on the key performance indicators both for overall performance of the Company and for individual performance. The key indicators for determining the Company's performance included improvement of retailer product distribution, geographic expansion and product development, which are primary factors leading to steady growth of the Company's assets and shareholders' value. The measurements for individuals' performance were focused on (1) leadership, including five areas: vision, initiatives, creativity, flexibility and supervision skills; and (2) deliverables, including the team, products, communication and reporting and documentation.

Pension Disclosure

The Company does not currently provide any pension plan benefits for executive officers, directors, or employees.

ITEM 16. INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director or officer of the Issuer or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of the Issuer was a director of the Issuer or any associate of the Issuer, is indebted to the Issuer, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Issuer.

ITEM 17. RISK FACTORS

There are numerous and varied risks, known and unknown, that may prevent the Issuer from achieving its goals. If any of these risks actually occur, the Issuer's business, financial condition or results of operation may be materially adversely affected. In such case, the trading price of the Issuer's common shares could decline and investors could lose all or part of their investment. The following is a summary of certain risks that may be applicable to the business of the Issuer:

Limited History

The Issuer's limited operating history makes it difficult to evaluate its business and prospects and may increase the risks associated with your investment. Although the Issuer believes its business will continue to generate revenues and experience revenue growth, it may not be able to reach the expected rate of growth. The Issuer has encountered and will continue to encounter risks and difficulties frequently experienced by growing companies in rapidly developing and changing industries, including challenges related to recruiting, integrating and retaining qualified employees; making effective use of its limited resources; achieving market acceptance of its existing and future solutions; competing against companies with greater financial and technical resources; acquiring and retaining clients; and developing new solutions. There is no assurance that the Issuer will be successful in generating revenues and/or experiencing revenue growth.

Additional Requirements for Capital

Substantial additional financing may be required if the Issuer is to be successful with development of its business. No assurances can be given that the Issuer will be able to raise the additional capital that it may require for its anticipated future development. Any additional equity financing may be dilutive to investors and debt financing, if available, may involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Issuer, if at all. If the Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion, or may not be able to develop its business at all.

Limited Number of Products and Clients

The Issuer is reliant on the development, marketing and use of its SaaS business. If it does not achieve sufficient market acceptance, it will be difficult for the Issuer to achieve consistent profitability. In addition, the Issuer currently has a limited number of clients and its current revenue could decrease substantially if it were to lose one of these clients.

Obsolescence

Maintaining a competitive position requires constant growth, development and strategic marketing and planning. If the Issuer is unable to maintain a technological advantage, the Issuer's ability to grow its business will be adversely affected and its products may become obsolete compared with other technologies.

Competitive Factors

The industries the Issuer serves and compete in are highly competitive and competition is expected to continue in the future. Many of our competitors have longer operating histories and greater financial, technical and marketing resources, and such competitors could materially and adversely affect the Issuer's business, financial performance and financial condition.

Government Regulations

Government regulation can affect the Issuer. Failures to comply with applicable regulatory requirements can, among other things, result in fines, suspension of regulatory approvals, product recalls, seizure of products, operating restrictions and criminal prosecutions. All of the foregoing regulatory matters will also be applicable to development and marketing undertaken by any collaborative partners or licensees of the Issuer.

Pricing and Marketing Strategy

The Issuer has devised a marketing strategy, which it will implement after its products have been developed, and has developed product pricing strategies based on the experience of management and assessment of comparable products in the security industry. Management anticipates that the Issuer's marketing and pricing strategies will play a significant role in determining whether the business can be profitable. There is no guarantee that the marketing and pricing strategies of the Issuer will be successful.

Defective Software

The Issuer's software may contain undetected errors, defects or bugs. Although the Issuer has not suffered significant harm from any errors, defects or bugs to date, the Issuer may discover significant errors, defects or bugs in the future that it may not be able to correct or correct in a timely manner. It is possible that errors, defects or bugs will be found in the Issuer's software products and related services with the possible results of delays in, or loss of market acceptance of, the Issuer's products and services, diversion of its resources, injury to its reputation, increased service and warranty expenses and payment of damages.

Intellectual Property

The success of the Issuer will depend, in part, on the ability to maintain trade secret protection over its proprietary techniques and IT and processes. None of its services and/or products is currently protected by any patents and trademarks and is therefore capable of being duplicated or improved upon by competitors. Accordingly, it may be vulnerable to competitors who develop competing technology, whether independently or as a result of acquiring access to the proprietary products and trade secrets of the Issuer. In addition, effective patent, copyright and trade secret protection may be unavailable or limited in certain foreign countries and may be unenforceable under the laws of certain jurisdictions.

Cyber Security

The Issuer will strive to meet industry information security standards relevant to its business. The Issuer will regularly perform vulnerability assessments, remediate vulnerabilities, review log/access, perform system maintenance, manage network perimeter protection and implement and manage disaster recovery testing.

A cyber-attack that breaches the Issuer's external perimeter may lead to a material disruption of its core business systems and/or lead to the loss or corruption of confidential business information that could result in an adverse business impact, as well as, possible damage to the Issuer's brand. This could also lead to a public disclosure or theft of private intellectual property and a possible loss of customer confidence.

If the Issuer's core business operations were to be breached, this could affect the confidentiality, integrity and availability of the Issuer's systems and data. While the Issuer continues to perform security due diligence, there is always the possibility of a significant breach effecting the confidentiality, integrity and availability of its systems and/or data.

Research and Market Development

Although the Issuer is committed to researching and developing new markets and products and improving existing products, there can be no assurances that such research and market development activities will prove profitable or that the resulting markets and/or products, if any, will be commercially viable or successfully produced and marketed.

Management of Growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Issuer to deal with this growth may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects.

Litigation

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

Limited Market for Securities

Even though the Common Shares will be listed on the CSE, there can be no assurance that an active and liquid market for the Common Shares will develop or be maintained and an investor may find it difficult to resell any securities of the Issuer.

Failure of Information Technology System

The Issuer's operations could suffer as a result of a failure of its IT system. The Issuer's business will be dependent upon an IT infrastructure to effectively manage and operate several key business functions, including order processing, customer service, installation and payments. These systems and operations are vulnerable to damage and interruption from fires, earthquakes, telecommunications failures, and other events. They are also subject to break-ins, sabotage, intentional acts of vandalism and similar misconduct. Any such errors or inadequacies in the software that may be encountered could adversely affect operations, and such errors may be expensive or difficult to correct in a timely manner.

Global Economic Conditions

Current global economic conditions could have a negative effect on the Issuer's business and results of operations. Economic activity in North America and throughout much of the world has undergone a sudden, sharp economic downturn following the recent housing downturn and subprime lending collapse in both the United States and Europe. Market disruptions have included extreme volatility in securities prices, as well as severely diminished liquidity and credit availability. The economic crisis may adversely affect the Issuer in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Issuer from raising funds required for operations and to fund continued expansion. It may be more difficult for the Issuer to complete strategic transaction with third parties. The financial and credit market turmoil could also negatively impact suppliers, customers and banks with whom the Issuer does business. Such developments could decrease the Issuer's ability to source, produce and distribute its products or obtain financing and could expose it to risk that one of its suppliers, customers or banks will be unable to meet their obligations under agreements with them.

While it is not possible to predict with certainty the duration or severity of the current disruption in financial and credit markets, if economic conditions continue to worsen, it is possible these factors could significantly impact the Issuer's financial conditions.

No Dividend History

No dividends have been paid by the Issuer to date. The Issuer anticipates that for the foreseeable future it will retain future earnings and other cash resources for the operation and development of its business. Payment of any future dividends will be at the discretion of the Issuer's board of directors' after taking into account many factors, including the Issuer's financial condition and current and anticipated cash needs.

Market Volatility

The securities markets in the United States and Canada have recently experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price which have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. There can be no assurance that continual fluctuations in price will not occur. It may be anticipated that any market for the Issuer's common shares will be subject to market trends generally, notwithstanding any potential success of the Issuer. The value of the Issuer's Common Shares distributed hereunder will be affected by such volatility.

Brand Development

The Company's management believes that building and maintaining awareness of the Company's products and services, in a cost-effective manner is important for achieving widespread acceptance of the Company's products and attracting new customers. Furthermore, future growth and profitability will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the ability of the Company to (i) create greater awareness of and the Company's products and services; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins.

The success of the Company's brand depends on the effectiveness of the Company's marketing efforts and on the Company's ability to provide reliable products and support to customers at competitive prices. The Company's brand marketing strategies may not yield increased revenues, and even if they do, any increased revenues may not offset the expenses incurred in its attempts to build the Company's brand. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of the Company's products or services. If the Company fails to effectively market its brand, the Company may fail to attract new customers, retain existing customers or attract sufficient media coverage in order to realize a sufficient return on branding efforts. A failure in brand

development and marketing may result in a negative impact on the Company's business and potential revenues.

Third Party Service Providers

The Company relies on a small number of third-party service providers, as well as its own facilities, including internal technology to host and deliver its products and services. Any interruptions or delays in services from these third parties could impair the delivery of the Company's products and services, thereby harming the Company's business and reputation. The Company hosts its products and services on multiple third-party data facilities. While the Company operates equipment through these facilities, the Company does not control the operation or service level requirements of these facilities. These facilities could be subject to cyber-attacks, break-ins, computer viruses, sabotage, intentional acts of vandalism and other misconduct. A natural disaster or an act of terrorism, a decision to close the facilities without adequate notice, capacity limitations at the facilities, and other unanticipated problems could result in lengthy interruptions in availability of the Company's products and services, which could adversely affect the Company's reputation and its revenue.

Furthermore, the Company depends on internet access through third-party bandwidth providers in order to operate its business. If the Company loses the services of these bandwidth providers for any reason, then the Company could experience disruption in the delivery of its products. The Company may experience difficulty in replacing any bandwidth on commercially reasonable terms, or at all, due to the large amount of bandwidth required by the Company. The Company's operations also rely heavily on the availability of electrical power, which is supplied by third-party providers, and any increase in the cost of electrical power could negatively impact the Company's operations and profitability. The Company's operations and profitability may be harmed if the Company or any of its third-party service providers experience any major power outages.

Any errors, defects, disruptions or other performance problems with the Company's products or services caused either by third parties or by the Company could harm the Company's reputation and may damage the Company's business. Interruptions in the availability of the Company's products and services may reduce revenues due to increased turnaround time to complete projects or implement lesson plans, increase the need for the Company to issue credits to customers, cause customers to terminate their contracts with the Company, or adversely affect renewal rates. The Company's business would be harmed if customers or potential customers view the Company's products and services as unreliable, which could adversely affect the Company's reputation and its revenue.

Tax Risk

The Company is subject to various taxes including, but not limited to the following: Canadian income tax; goods and services tax; provincial sales tax; land transfer tax; and payroll tax. The Company's tax filings will be subject to audit by various taxation authorities. While the Company intends to base its tax filings and compliance on the advice of its tax advisors, there can be no assurance that its tax filing positions will never be challenged by a relevant taxation authority resulting in a greater than anticipated tax liability.

Attracting and Retaining Quality Employees

The Company's business is dependent upon attracting and retaining quality employees with the skills required particularly with respect to teaching. The inability of the Company to hire, train and retain employees may adversely affect operations and could have an adverse effect on sales. The Company's ability to meet its labour needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, government legislation and changing demographics. Changes that adversely impact the Company's ability to attract and retain quality employees could adversely affect its business.

Conflicts of Interest Risk

Certain of the Company's directors and officers are, and may continue to be, involved in other business ventures through their direct and indirect participation in corporations, partnerships, joint ventures, etc. that may become potential competitors to the Company. Situations may arise in connection with potential acquisitions or opportunities where the other interests of these directors and officers conflict with or diverge from the Company's interests. In accordance with the BCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the Company's best interests. However, in conflict of interest situations, directors and officers may owe the same duty to another company and will need to balance their competing interests with their duties to the Company. Circumstances (including with respect to future corporate opportunities) may arise that may be resolved in a manner that is unfavourable to the Company.

Key Personnel Risk

The Company's success will depend on its directors and officers to develop the business and manage operations and on their ability to attract and retain key technical, sales and marketing staff or consultants once operations begin. The loss of any key person or the inability to find and retain new key persons could have a material adverse effect on the business. Competition for qualified technical, sales and marketing staff, as well as officers and directors can be intense and no assurance can be provided that the Company will be able to attract or retain key personnel in the future which may adversely impact operations.

Management of Growth

The Company's management anticipates rapid growth and plans to capitalize on this growth. Future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in the growth rate of expenses could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

Expansion Rate

In order for the Company to improve its operating results and continue to grow its business, it is important for the Company to continue to attract new customers. To the extent the Company is successful in increasing its customer base, it could incur increased losses because the costs associated with attracting new customers are generally incurred up front, while revenue is recognized rateably over the term of a contract for services. Alternatively, to the extent the Company is unsuccessful in increasing its customer base, the Company could also incur increased losses as the costs associated with marketing programs and new products intended to attract new customers would not be offset by incremental revenue and cash flow. Furthermore, if the Company's customers do not expand on the development of new products and services, the Company's revenue may grow more slowly than the Company expects. All of these factors could negatively impact the Company's future revenue and operating results.

Confidentiality Risk

Personal information collected by the Company in the ordinary course of business may be vulnerable to breach, theft or loss. This could subject the Company to liability or negatively impact the Company's reputation and operations. The Company collects, uses and retains large amounts of personal information from its customer base, including personal and financial data. The Company also collects and maintains personal information of its employees. Although the Company uses security controls to limit access and use of personal information, a third party or internal errors within the Company may circumvent these controls, which could result in a breach of student or employee privacy. A violation of any laws or regulations relating to the collection or use of personal information could result in the Company incurring fines. While the Company believes it takes appropriate precautions and safety measures, there is still a possibility that a breach, theft or loss of personal information may occur. Any breach, theft or loss of such

personal information could negatively impact the Company's financial condition, reputation, and may result in the Company incurring liability.

ITEM 18. PROMOTERS

Other than the directors and officers of the Issuer and Kona Bay, management is not aware of any person or company who could be characterized as a promoter of the Issuer within the two years immediately preceding the date of this Listing Statement.

ITEM 19. LEGAL PROCEEDINGS

Legal Proceedings

There are no legal proceedings material to the Issuer to which the Issuer is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Issuer to be contemplated.

Regulatory Actions

The Issuer is not subject to any penalties or sanctions imposed by any court or regulatory authority relating to securities legislation or by a securities regulatory authority, nor has the Issuer entered into a settlement agreement with a securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Issuer's securities or would be likely to be likely.

ITEM 20. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, officer, proposed management nominee for director or person who, to the knowledge of the directors or officers of the Issuer, beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of the votes attached to all outstanding Shares of the Issuer, informed person or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction since the commencement of the Issuer's last financial year or in any proposed transaction, which, in either case, has materially affected or will materially affect the Issuer.

ITEM 21. AUDITORS, TRANSFER AGENTS AND REGISTRARS

Auditors

The auditor of the Issuer is DeVisser Gray LLP, having an address at Suite 401, 905 West Pender Street, Vancouver, BC V6C 1L6.

Transfer Agent and Registrar

TSX Trust Inc., of 650 West Georgia Street, Suite 2700, Vancouver, BC V6B 4N9, is the transfer agent who maintains the securities register and the register of transfers for the Issuer's common shares.

ITEM 22. MATERIAL CONTRACTS

The Issuer has entered into the following material contracts:

(a) Arrangement Agreement dated February 28, 2017 among Kona Bay, the Issuer, ACT360 and Hapuna; and

(b) Stock Option Plan of the Issuer.

The Issuer is not party to any co-tenancy, unitholders' or limited partnership agreements.

ITEM 23. INTEREST OF EXPERTS

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Issuer or of an Associate or Affiliate of the Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Issuer or of an Associate or Affiliate of the Issuer and no such person is a promoter of the Issuer or an Associate or Affiliate of the Issuer. The Auditor is independent of the Issuer in accordance with the rules of professional conduct of the Institute of Chartered Accountants of British Columbia.

ITEM 24. OTHER MATERIAL FACTS

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Issuer and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Issuer and its securities.

ITEM 25. FINANCIAL STATEMENTS

Audited Annual Carve-Out Financial Statements of the Issuer as at September 30, 2016 and 2015 – Attached as Schedule A

Audited Financial Statement as at January 31, 2017 (date of incorporation) – Attached as Schedule A

Audited Annual Financial Statements of the Issuer as at September 30, 2017 – Attached as Schedule A

CERTIFICATE OF THE ISSUER

Pursuant to a resolution duly passed by its Board of Directors, Bexar Ventures Inc., hereby applies for the listing of the above mentioned securities on the Exchange. The foregoing contains full, true and plain disclosure of all material information relating to Bexar Ventures Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at February 28, 2018

"*Vincent Wong*"

Vincent Wong
Chief Executive Officer

"*Charles E. Jenkins*"

Charles E. Jenkins
Chief Financial Officer

"*Dickson Hall*"

Dickson Hall
Director

"*Frank Harley*"

Frank Harley
Director

SCHEDULE "A"

FINANCIAL STATEMENTS OF THE ISSUER

BEXAR VENTURES INC.

FINANCIAL STATEMENTS

PERIOD FROM JANUARY 31, 2017 (DATE OF INCORPORATION) TO SEPTEMBER 30, 2017

DeVISSER GRAY LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

401-905 West Pender St
Vancouver BC V6C 1L6
t 604.687.5447
f 604.687.6737

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Bexar Ventures Inc.,

We have audited the accompanying financial statements of Bexar Ventures Inc., which comprise the statement of financial position as at September 30, 2017 and the statements of operations and comprehensive loss, cash flows and changes in shareholder's deficiency for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Bexar Ventures Inc. as at September 30, 2017 and its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the financial statements which indicates that the Company has incurred losses since inception and is also dependent upon its ability to secure new sources of financing to fund on-going operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

CHARTERED PROFESSIONAL ACCOUNTANTS

De Visser Gray LLP

Vancouver, Canada
February 7, 2018

BEXAR VENTURES INC.

STATEMENT OF FINANCIAL POSITION

AS AT SEPTEMBER 30, 2017

(Expressed in Canadian dollars)

	Note	2017
ASSETS	11, 12	
Current		
Cash and cash equivalents		$ 12,555
Accounts receivable	4	34,570
Prepaid restructuring costs	6, 11	43,560
		$ 90,685
LIABILITIES	11, 12	
Current		
Accounts payable and accrued liabilities		$ 8,734
Unearned revenue		2,669
Due to Kona Bay	6	50,099
Due to Hapuna	6	25,000
Due to ACT360	6	21,779
		108,281
SHAREHOLDER'S DEFICIENCY		
Share capital	5, 12	1
Share subscriptions received	5	32,500
Deficit		(50,097)
		(17,596)
		$ 90,685

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON FEBRUARY 7, 2018

"Vincent Wong"	***"Dickson Hall"***
Director	Director

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

STATEMENT OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(Expressed in Canadian dollars)

	Note		2017
REVENUE	11	$	31,632
EXPENSES	11		
Accounting and legal			8,344
Foreign exchange loss			121
Selling, office and general			45
Wages and benefits	6		21,779
			30,289
INCOME BEFORE OTHER ITEM			1,343
OTHER ITEM			
Restructuring costs	11, 12		(51,440)
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD		$	(50,097)
LOSS PER COMMON SHARE		$	(50,097)
WEIGHTED AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			1

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED SEPTEMBER 30, 2017

(Expressed in Canadian dollars)

		2017
OPERATING ACTIVITIES		
Net loss for the period	$	(50,097)
Changes in non-cash working capital items:		
Accounts receivable		(34,570)
Accounts payable and accrued liabilities		8,734
Unearned revenue		2,669
Due to ACT360		21,779
CASH USED IN OPERATING ACTIVITIES		(51,485)
FINANCING ACTIVITIES		
Issuance of common stock		1
Share subscriptions received		32,500
Due to Kona Bay		50,099
Due to Hapuna		25,000
CASH PROVIDED BY FINANCING ACTIVITIES		107,600
INVESTING ACTIVITIES		
Prepayment of restructuring costs		(43,560)
CHANGE IN CASH AND CASH EQUIVALENTS		12,555
CASH AND CASH EQUIVALENTS - BEGINNING OF THE PERIOD		-
CASH AND CASH EQUIVALENTS - END OF THE PERIOD	$	12,555

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIENCY

FOR THE PERIOD ENDED SEPEMBER 30, 2017

(Expressed in Canadian dollars)

	Share Capital				
	Number of Common Shares	Amount	Share Subscriptions Received	Deficit	Total Shareholder's Deficiency
Balance at January 31, 2017	**-**	**$ -**	**$ -**	**$ -**	**$ -**
Incorporation share issued	1	1	-	-	1
Share subscriptions received	-	-	32,500	-	32,500
Net loss for the period	-	-	-	(50,097)	(50,097)
Balance at September 30, 2017	**1**	**$ 1**	**$ 32,500**	**$ (50,097)**	**$ (17,596)**

The Accompanying Notes are an Integral Part of the Financial Statements

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Bexar Ventures Inc. (the "Company") was incorporated under the provisions of the Company Act of British Columbia on January 31, 2017, is a wholly-owned subsidiary of Kona Bay Technologies Inc. ("Kona Bay") and intends to apply for a listing on a major Canadian stock exchange. The Company's principal business activity consists of designing, developing and managing online testing platforms for training and high-stakes applications on behalf of higher education clients with multiple campus locations and complex requirements. The address of the Company's corporate office and its principal place of business is 1116-207 West Hastings Street, Vancouver, BC, V6B 1H7.

On February 28, 2017, the Company entered into an Arrangement Agreement (the "Agreement") with Kona Bay, ACT360 Media Ltd. ("ACT360") and Hapuna Ventures Inc. ("Hapuna") for the purposes of carrying out a corporate restructuring (the "Arrangement") pursuant to Section 288 of the Business Corporations Act (British Columbia). Under the Agreement, the Arrangement will be effected pursuant to a Plan of Arrangement (the "POA") and the Arrangement provisions. On April 24, 2017, the shareholders of Kona Bay unanimously approved the POA. On April 28, 2017, the Supreme Court of British Columbia granted the final order approving the POA. The POA closed on December 13, 2017. See Notes 11 and 12.

These financial statements have been prepared on a going concern basis, assuming that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The Company has a deficit of $50,097 since inception. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating commitments as they come due and generating profitable operations in the future. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

2. BASIS OF PREPARATION

a) Statement of compliance

These financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

b) Basis of measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are set out in Note 3. The financial statements are presented in Canadian dollars unless otherwise stated.

c) Presentation and functional currency

These financial statements are presented in Canadian dollars. The Canadian dollar is the functional currency of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of estimates and judgements - The preparation of these financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the periods reported.

Critical judgments that have the most significant effect on the amounts recognized in the financial statements are revenue recognition under the percentage of completion method and the assessment of the Company's ability to continue as a going concern.

Foreign currency translation - The functional and presentation currency of the Company is the Canadian dollar.

Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on the dates of the transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date of the statement of financial position. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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 September 30, 2017.

Share issuance costs - Professional, consulting, regulatory and other costs directly attributable to financing transactions are recorded as deferred share issuance costs until the financing transactions are completed, if the completion of the transaction is considered likely; otherwise they are expensed as incurred. Share issuance costs are charged to share capital when the related shares are issued. Deferred share issuance costs related to financing transactions that are not completed are charged to expenses.

Income taxes - The Company provides for income taxes using the liability method of tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. Deferred income tax assets are recognized to the extent that management has determined it is probable to be realized.

Revenue recognition - The Company develops and hosts software products for customers. Revenues from the development of custom software products is recognized by the stage of completion of the arrangement determined using the percentage of completion method or as such services are performed as appropriate in the circumstances. The revenue and profit of contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliably, the amount of revenue recognized is limited to the cost incurred in the period. Losses on contracts are recognized as soon as a loss is foreseen by reference to the estimated costs of completion. Hosting revenues are recorded on a monthly basis if collection is probable.

Share-based payments - The Company records all share-based payments at their fair value. The share-based compensation costs are charged to operations over the stock option vesting period. Agents' options and warrants issued in connection with common share placements are recorded at their fair value on the date of issue as share issuance costs. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of stock options expected to vest. On the exercise of stock options and agents' options and warrants, share capital is credited for consideration received and for fair value amounts previously credited to

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

contributed surplus. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based compensation.

Earnings (Loss) per share - The Company uses the treasury stock method in computing earnings (loss) per share. Under this method, basic earnings (loss) per share is computed by dividing earnings (loss) available to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per share is calculated by adjusting the weighted average number of common shares outstanding using the treasury stock method, to reflect the potential dilution of securities that could result from the exercise of in-the-money stock options and warrants. For the years presented, the existence of stock options affects the calculation of loss per share on a fully diluted basis.

Development costs – Development costs are expensed as incurred, except in cases where development costs meet certain identifiable criteria for deferral. The Company has not capitalized any product development costs during the period.

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 and cash equivalents, trade accounts receivable, accounts payable and accrued liabilities, due to Kona Bay, due to Hapuna and due to ACT360. At initial recognition management has classified financial assets and liabilities as follows:

a) Financial assets

The Company has classified its 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 are designated as FVTPL if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's documented risk management or investment strategy. Financial instruments classified as FVTPL are measured at fair value and changes therein are recognized in income. The Company has classified its trade accounts receivable as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method. The Company has not classified any financial assets as held to maturity or as available for sale.

b) Financial liabilities

The Company has classified its accounts payable and accrued liabilities, due to Kona Bay, due to Hapuna and due to ACT360 as other financial liabilities. Accounts payable and accrued liabilities are recognized at the amount required to be paid, less, when material, a discount to reduce the payable to fair value. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire.

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:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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
IAS 7	Statement of cash flows (amendments)	January 1, 2017
IFRIC 22	Foreign currency transactions and advance consideration	January 1, 2018

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

Under IFRS 15, there is a requirement to apply a five-step model to determine when and what amount of revenue to recognize. Revenue will either be recognized over time or at a point in time, when control transfers to the customer.

Under IFRS 16, virtually all leases are required to be accounted for as finance leases rather than operating leases, where the required lease payments are disclosed as a commitment in the notes to the financial statements. As a result, leased assets ("right-of-use" assets) and the related lease liability will be required to be recognized on the statement of financial position.

4. ACCOUNTS RECEIVABLE

The components of accounts receivable are as follows:

	2017
Trade accounts receivable	$ 34,180
Recoverable goods and services / harmonized sales tax	390
	$ 34,570

5. SHARE CAPITAL

The Company has authorized share capital of an unlimited number of common shares and preferred shares without par value. Common and/or preferred shares are entitled to receive dividends if and when they are declared by the Board of Directors.

Share Subscriptions Received

During the period ended September 30, 2017, $32,500 in stock subscriptions was received pursuant to private placements. These subscriptions are for:

- 250,000 units of the Company at a price of $0.10 per unit for gross proceeds of $25,000. Each unit consists of one common share of the Company and one share purchase warrant, with each warrant entitling the holder to purchase an additional common share of the Company at a price of $0.10 per share for a period of 60 months from the date of issue.

5. SHARE CAPITAL (continued)

- 50,000 common shares of the Company at a price of $0.15 per share for gross proceeds of $7,500.

6. RELATED PARTY TRANSACTIONS

The balance due to parent company Kona Bay is the result of issuing incorporation shares owned by Kona Bay and the allocation of share subscriptions received by the Company to Kona Bay. During the period, the Company paid $95,000 to Kona Bay in respect of restructuring costs. See Notes 11 and 12.

The balance due to Hapuna, a company under common control, is the result of the allocation of share subscriptions received by the Company to Hapuna.

The balance due to ACT360, a company under common control, is the result of ACT360 incurring wages and benefits expenses on behalf of the Company.

These balances are unsecured, non-interest bearing and have no specific terms of repayment.

7. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

		2017
Statutory income tax rate		26.00%
Expected income tax recovery	$	(13,025)
Non-deductible expenses and others		-
Change in unrecognized deferred income tax assets		(13,025)
Valuation allowance		13,025
Income tax expense	$	-

Deferred income tax assets:

		2017
Non-capital losses	$	13,025
Unrecognized deferred income tax assets		(13,025)
Net deferred income tax assets	$	-

Deductible temporary differences:

		2017
Non-capital loss carry-forwards	$	50,097

As this is the Company's first year of operations, management is not currently able to project future taxable income over the years in which the potential deferred tax assets are deductible. Accordingly, management has not recognized any deferred income tax assets.

Subject to certain restrictions, the Company has non-capital losses of approximately $50,000 available to reduce future Canadian taxable income. The non-capital losses expire as follows:

7. INCOME TAXES (continued)

Year	Amount
2037	$ 50,000

The application of non-capital losses against future taxable income is subject to final determination of the respective amounts by the Canada Revenue Agency.

8. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $1. The Company's objective when managing capital is to safeguard the entity's ability to continue as a going concern, meet financial obligations, have sufficient capital to achieve and maintain profitable operations and to provide returns for shareholders and benefits for other stakeholders. As at September 30, 2017, the Company had a working capital deficiency of $17,596 and requires additional capital. Management expects to raise such additional capital and intends to apply for a listing on a major Canadian stock exchange.

9. 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 financial statements.

General Objectives, Policies, and Processes

The Board of Directors 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 the Company's finance function.

The overall objective of the Board 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.

Foreign Currency Risk

Foreign currency risk is the risk that a variation in exchange rates between the Canadian dollar and United States dollar or other foreign currencies will affect the Company's operations and financial results. The Company has significant exposure to foreign exchange rate fluctuation. The Company is exposed to currency risk to the extent

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

that monetary assets and liabilities held by the Company are not denominated in Canadian dollars. The Company has not entered into any foreign currency contracts to mitigate this risk. The Company holds balances in United States dollars which could give rise to exposure to foreign exchange risk. Sensitivity to a plus or minus 10% change in the foreign exchange rate of the United States dollar to the Canadian dollar would affect the reported loss and comprehensive loss by approximately $2,700, as detailed below:

United States Dollar Denominated Balances	**2017**
Accounts receivable	27,388
10% change in exchange rate impact	$ 2,739

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. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and trade accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at September 30, 2017 relating to cash and cash equivalents of $12,555 held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date. The Company has gross credit exposure at September 30, 2017 relating to trade accounts receivable of $34,180. The Company considers this credit risk to be minimal.

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. They 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.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

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

The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

9. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
September 30, 2017				
Accounts payable and accrued liabilities	$ 8,734	$ -	$ -	$ 8,734
Due to Kona Bay	-	6,539	-	6,539
Due to Hapuna	-	25,000	-	25,000
Due to ACT360	-	21,779	-	21,779
	$ 8,734	$ 53,318	$ -	$ 62,052

10. ECONOMIC DEPENDENCE

During the period ended September 30, 2017, 100% of the Company's revenue was generated from one customer. The loss of a material amount of revenue from this customer could have a material adverse effect on operations.

11. CORPORATE RESTRUCTURING – KONA BAY

On January 31, 2017, Kona Bay incorporated two wholly-owned subsidiaries, the Company and Hapuna. Following completion of the Arrangement, Kona Bay will remain as an Internet applications technology company focused on the e-learning sector, selling language learning courses directly to international students through its e-learning website. The custom software development and student marketing services businesses will be spun into the Company and Hapuna. Custom software development focuses on the development of custom test software applications. Other services include software upgrades, enhancements, hosting and service contracts supporting higher education clients. Student marketing services provides student recruitment services to post-secondary education institutions, derived from the Company's proprietary international student marketing platform. This service helps colleges and universities qualify and recruit international students and assists students in achieving their study abroad goals.

The Company is a software development company that specializes in online testing platforms for training and high-stakes applications. The Company designs, develops and manages the platform for higher education clients with multiple campus locations and complex requirements.

Hapuna is a technology company specializing in digital customer acquisition. Its customers are primarily higher education institutions that promote campus and online degree programs to consumers through digital media such as websites, mobile apps, social media networks and direct e-mail.

On April 28, 2017, Kona Bay received approval from the Supreme Court of British Columbia to proceed with the POA. Pursuant to Arrangement:

- all of the issued and unissued common shares of Kona Bay will be become Class A common shares and a new class of common shares will be created;
- the assets and intellectual property relating to the software as a service business will be transferred to the Company in exchange for $55,000 and a $200,000 promissory note payable to ACT360 bearing interest at 6% per annum and due on the third anniversary of the promissory note;
- the online advertising assets will be transferred to Hapuna in exchange for $55,000 and a $325,000 promissory note payable to ACT360 bearing interest at 6% per annum and due on the third anniversary of the promissory note;

11. CORPORATE RESTRUCTURING – KONA BAY (continued)

- each outstanding Class A common share will be exchanged for one new common share, one Company common share and one Hapuna common share and Kona Bay's shareholders will cease to be the holders of the Class A shares exchanged;
- each option to acquire one common share of Kona Bay will be deemed to be exchanged for a new option to acquire one new common share at the existing exercise price;
- each warrant of Kona Bay will be deemed to be amended to entitle the warrant holder to receive one new common share for each common share that was issuable upon exercise of the warrant at the original exercise price;
- each debenture of Kona Bay will be deemed to be amended to entitle the debenture holder to receive one new common share for each common share that was issuable upon conversion of the warrant at the original conversion price and
- the Class A shares will be cancelled and, at the discretion of the directors, Class A shares may be eliminated from Kona Bay's authorized share structure.

All expenses incurred in connection with the Agreement, the POA and related transactions are borne by the company incurring the expenses unless otherwise mutually agreed. Management of Kona Bay estimates that total expenses to be incurred by Kona Bay in respect of the Arrangement will be approximately $95,000 for each of the Company and Hapuna, with the Company and Hapuna reimbursing Kona Bay for all costs incurred. Accordingly, these costs are not accounted for as disposal costs. As at September 30, 2017, Kona Bay had incurred costs totaling approximately $103,000. These costs have been expensed as "Restructuring costs" by the Company and Hapuna. Subsequent to year end, Kona Bay issued interim billings to the Company and Hapuna in respect of these costs. See Note 12.

IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations* requires that assets meeting the criteria to be classified as held for sale be presented separately in the statement of financial position and the results of discontinued operations be presented separately in the statements of operations and comprehensive loss. Accordingly, the assets and directly associated liabilities relating to the business units being spun out to the Company and Hapuna have been presented as "Assets held for sale" and "Liabilities of discontinued operations" in Kona Bay's consolidated statement of financial position and the net income relating to these business units has been presented as "Net income from discontinued operations" in Kona Bay's consolidated statements of operations and comprehensive loss.

When Kona Bay's Board of Directors approved the proposed spinoff transactions in January 2017, management expected to complete the Arrangement (subject to customary conditions, regulatory approvals and tax considerations) within the first six months of 2017. As a result of the time required to obtain regulatory approvals, the arrangement did not close until December 13, 2017 as disclosed in Note 12.

The assets and liabilities of these business units as at September 30, 2017 and the revenues, expenses and cash flows for the years ended September 30, 2017 and 2016 are presented in the following tables. To provide the information necessary to evaluate the financial effects of discontinued operations and the disposal of the assets and related liabilities of these business units on the financial position, results of operations and cash flows of Kona Bay, the Company and Hapuna, the information is provided for each business unit and in aggregate.

11. CORPORATE RESTRUCTURING – KONA BAY (continued)

	As at and for the year ended September 30,					
	2017			2016		
	Bexar	Hapuna	Total	Bexar	Hapuna	Total
Accounts receivable	$ 52,712	$ 20,146	$ 72,858	$ -	$ -	$ -
Prepaid expenses	222	265	487	-	-	-
Assets held for sale	$ 52,934	$ 20,411	$ 73,345	$ -	$ -	$ -
Accounts payable and accrued liabilities	$ 17,540	$ 18,297	$ 35,837	$ -	$ -	$ -
Unearned revenue	39,454	-	39,454	-	-	-
Shareholder loans	32,500	49,000	81,500	-	-	-
Liabilities of discontinued operations	$ 89,494	$ 67,297	$ 156,791	$ -	$ -	$ -
Revenues	$ 423,387	$ 169,184	$ 592,571	$ 435,081	$ 798,283	$ 1,233,364
Expenses	(246,003)	(203,939)	(449,942)	(225,112)	(954,955)	(1,180,067)
Gain on settlement of debt	-	108,140	108,140	-	13,315	13,315
Gain on write-off of royalties payable	-	210,000	210,000	-	-	-
Income tax expense	(18,903)	(40,232)	(59,135)	-	-	-
Net income (loss) from discontinued operations	$ 158,481	$ 243,153	$ 401,634	$ 209,969	$ (143,357)	$ 66,612
Cash (used in) provided by operating activities	$ 213,944	$ 12,131	$ 226,075	$ 209,969	$ (156,672)	$ 53,297
Cash provided by financing activities	-	-	-	-	-	-
Cash provided by investing activities	-	-	-	-	-	-
Change in cash and cash equivalents	$ 213,944	$ 12,131	$ 226,075	$ 209,969	$ (156,672)	$ 53,297

12. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to September 30, 2017, and has determined that there are no material events to be reported, except as follows:

- On December 13, 2017, the POA closed and the business units and the related assets and liabilities were transferred to the Company and Hapuna by Kona Bay. Interim billings in the amount of $55,000 were issued to the Company and Hapuna in respect of transaction costs incurred by the Company. See Note 11.

- Pursuant to the corporate restructuring, on January 4, 2018, Kona Bay distributed 100 per cent of the common shares of the Company and Hapuna to the shareholders of record of Kona Bay as of December 13, 2017. In conjunction with closing of the POA:

  - the Company consolidated its common shares on the basis of one post-consolidation common share for every two pre-consolidation common shares;
  - Hapuna consolidated its common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares; and
  - Shareholders of Kona Bay received, on a pro rata basis, one post-consolidation common share of the Company for every two Kona Bay common shares and one post-consolidation Hapuna common share for every three Kona Bay common shares.

  A total of 2,380,600 post-consolidation common shares of the Company and 1,587,067 post-consolidation common shares of Hapuna were distributed.

13. COMPARATIVE FINANCIAL STATEMENTS

As the Company was incorporated on January 31, 2017, there are no comparative financial statements.