BEXAR VENTURES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(Prepared by Management)

THREE-MONTH PERIOD ENDED DECEMBER 31, 2018

Notice of No Auditor Review of Condensed Interim Financial Statements

The accompanying unaudited condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors.

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

BEXAR VENTURES INC.

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018 and SEPTEMBER 30, 2018

(Expressed in Canadian dollars)

	Note	December 31, 2018	September 30, 2018
Assets			
Current Assets			
Cash and cash equivalents		$ 105,209	$ 713
Accounts receivable	4	86,748	40,329
Prepaid project development costs		22,750	22,750
Due from ACT360		70,317	77,678
Due from Kona Bay Technologies		5,077	
Prepaid expenses and other assets		-	-
		290,101	141,470
Customer lists and intangible assets	5	1	1
		$ 290,102	**$ 141,471**
Liabilitites			
Current Liabilities			
Accounts payable and accrued liabilities	9	$ 41,947	$ 19,018
Unearned revenue		53,948	10,269
Due to Kona Bay		-	3,559
		95,895	32,846
Promissory note payable	6	212,577	209,577
		308,472	242,423
Shareholders' Equity			
Share Capital	7	459,034	292,701
Deficit		(477,404)	(393,653)
Total Equity (Deficiency)		(18,370)	(100,952)
Total Liabilities and Shareholders' Equity		**$ 290,102**	**$ 141,471**

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON February 28, 2019

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

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

UNAUDITED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS

FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2018

(Expressed in Canadian dollars)

		Three Month Period ended December 31,	
	Note	**2018**	**2017**
Sales		$ 92,760	$ 94,514
Expenses			
Accounting and legal	9	$ 18,815	$ 10,569
Consulting	9	60,000	-
Corporate development		10,387	-
Foreign exchange loss (gain)		3,929	1,163
Regulatory and filing fees		7,540	-
Management fees	9	18,000	-
Selling office and general		4,879	4,852
Wages and benefits	9	49,961	50,701
		(173,511)	(67,285)
Income before other items		(80,751)	27,229
Other Items			
Interest expense	6	(3,000)	(592)
Restructuring expense	6	-	(43,560)
Net and comprehensive income (loss) for the period		**$ (83,751)**	**$ (16,923)**
Earnings (loss) per share		$ (0.01)	$ (0.04)
Weighed average number of common shares outstanding		6,053,788	465,771

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2018

(Expressed in Canadian dollars)

	2018	2017
Operating Activities		
Net income (loss) for the year	$ (83,751)	$ (16,923)
Items not involving cash		
Interest on note payable	3,000	592
Acquisition of intangible assets	-	200,000
Note payable	-	(200,000)
Changes in assets and liabilities		
Accounts receivable	(44,135)	(58,427)
Prepaid expenses and other current assets	-	43,560
Accounts payable and accrued liabilities	19,370	(1,531)
Cash used in operating activities - continuing operations	(105,516)	(32,729)
Financing Activities		
Unearned revenue	43,679	49,777
Share subscriptions	-	10,000
Issuance of common stock	166,333	-
Cash provided by financing activities	**210,012**	**59,777**
Net change in cash and cash equivalents	104,496	27,048
Cash and cash equivalents, beginning balance	713	12,555
Cash and cash equivalents, ending balance	**$ 105,209**	**$ 39,603**

The Accompanying Notes are an Integral Part of the Financial Statements

BEXAR VENTURES INC.

UNAUDITED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY

FOR THE THREE-MONTH PERIOD ENDED DECEMBER 31, 2018

(Expressed in Canadian dollars)

	Share Capital								
	Number of Shares		Amount		Share subscriptions		Deficit		Total Shareholders' Equity
Balance at September 30, 2017	**1**	**$**	**1**	**$**	**32,500**	**$**	**(50,097)**	**$**	**(17,596)**
Shares issued per arrangment, net	2,380,600		-		-		-		-
Loss for the period	-		-		-		(16,923)		(16,923)
Balance at December 31, 2017	2,380,601	$	1	$	32,500	$	(67,020)	$	(34,518)
Private placements	2,950,000		292,700		(32,500)		-		260,200
Loss for the period	-		-		-		(326,633)		(326,633)
Balance at September 30, 2018	5,330,601	$	292,701	$	-	$	(393,653)	$	(100,952)
Private placements	1,663,330		166,333		-		-		166,333
Loss for the period							(83,751)		(83,751)
Balance at December 31, 2018	**6,993,931**	**$**	**459,034**	**$**	**-**	**$**	**(477,404)**	**$**	**(18,370)**

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, as a wholly-owned subsidiary of Kona Bay Technologies Inc. ("Kona Bay").

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. The address of the Company's corporate office and its principal place of business is 8186 200 – 375 Water Street, Vancouver, BC, V6B 0M9.

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 by way of a Plan of Arrangement (the "Arrangement" or the "POA") pursuant to Section 288 of the Business Corporations Act (British Columbia).

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.

On December 13, 2017, the POA closed and the software-as-a-service assets were transferred to the Company by Kona Bay and ACT360 and 4,761,199 common shares of the Company were issued to Kona Bay. In conjunction with the 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.

On December 14, 2017, Kona Bay exchanged the 4,761,199 common shares of the Company for the Class A shares outstanding as of December 13, 2017.

On March 27, 2018, the Company obtained a listing on the Canadian Stock Exchange under the symbol "BXV".

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 $477,404 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 unaudited condensed interim financial statements are prepared in accordance with International Accounting Standard ("IAS") 34 Interim Financial Reporting under International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB"). These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the Company's most recent annual financial statements but do not contain all of the information required for full annual financial statements. Accordingly, these condensed interim financial statements should be read in conjunction with the Company's most recent annual financial statements, which were prepared in accordance with IFRS as issued by the 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 to the annual audited financial statements of the Company as at September 30, 2018.

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

The accounting policies of the Company are set out in Note 3 to the annual audited Financial Statements as of and for the year ended September 30, 2018, which are incorporated herein by reference. The reader is referred to those statements for a detailed discussion of the accounting policies. These condensed interim financial statements as at and for the three-month period ended December 31, 2018 have been prepared in accordance with the policies described in the annual audited Financial Statements, which have been applied consistently to these financial statements.

The Company makes estimates and assumptions about the future that affect the reported amounts of assets and liabilities. Estimates and judgments are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions.

The estimates and assumptions of the Company are set out in Note 3 to the annual audited Financial Statements as of and for the year ended September 30, 2018, which are also incorporated herein by reference.

The effect of a change in an accounting estimate is recognized prospectively by including it in comprehensive income in the year of the change, if the change affects that year only, or in the year of the change and future years, if the change affects both.

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:

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

The Company has not early adopted the new standards.

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

(Expressed in Canadian dollars)

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

On initial recognition, IFRS 9 requires financial liabilities to be classified as subsequently measured at amortized cost except for when one of the specified exceptions applies.

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

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. AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

	December 31, 2018	September 30, 2018
Trade accounts receivable	$ 53,802	$ 32,854
Recoverable goods and services / harmonized sales tax	3,674	4,378
Unbilled revenue	29,272	3,097
	$ 86,748	$ 40,329

(Expressed in Canadian dollars)

5. INTANGIBLE ASSETS

	Customer Relationships – Software Development	Customer Relationships – Hosting	Total
Cost			
September 30, 2017	$ -	$ -	$ -
Transfer on closing of Arrangement	100,000	100,000	200,000
September 30, 2018	100,000	100,000	200,000
Accumulated amortization and impairment			
September 30, 2017	-	-	-
Amortization expense	-	-	-
Impairment provision	99,999	100,000	199,999
September 30, 2018	99,999	100,000	199,999
Net book value			
December 31, 2018	$ 1	$ -	$ 1
September 30, 2018	$ 1	$ -	$ 1

Customer Relationships

The Company acquired relationships with custom test software application development and website and application hosting customers from ACT360 upon closing of the Arrangement on December 13, 2017 for a $200,000 promissory note payable to ACT360 bearing interest at 6% per annum and due on the third anniversary of the promissory note.

Revenue relating to these assets has decreased by approximately 23% over the last three years and the Company is economically dependent on a single customer. Given that management is not in a position to be able to estimate the future cash flows attributable to the customer relationships with any degree of certainty, the assets were written down to a nominal amount of $1 at September 30, 2018.

(Expressed in Canadian dollars)

6. PROMISSORY NOTE PAYABLE

On closing of the Arrangement, the Company executed a promissory note in favour of ACT360 in the principal amount of $200,000 with a maturity date of December 13, 2020. Interest is calculating and accruing daily at 6% per annum from the date of issue, payable on a semi-annual basis commencing on June 13, 2018. The promissory note may be negotiated, assigned, discounted or pledged by ACT360. The amount payable consists of the following:

		December 31, 2018		September 30, 2018
Principal	$	200,000	$	200,000
Accrued interest		12,577		9,577
Total	$	212,577	$	209,577

At September 30, 2018, the fair value of the promissory note payable was approximately $204,000 (2017 – $nil). Fair value was determined using an income approach. An income approach is a present value technique that takes into account the future cash flows that would be expected to be received from holding the promissory note as an asset. Present value was calculated using the following attributes – semi-annual interest payments of $6,000, repayment of $200,000 principal at maturity, 27 months to maturity and a discount rate of 6% discounted annually.

7. 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.

During the three-month period ended December 31, 2018, the Company completed the following:

- On November 21, 2018, the Company completed a private placement consisting of 1,663,330 units for gross proceeds of $166,333. Each unit consisted of one common share of the company and one common share purchase warrant entitling the holder to purchase one additional share at 10 cents per share for a period of one year from the date of issuance.

During the year ended September 30, 2018, the Company completed the following:

- On December 13, 2017, the Company issued 4,671,199 common shares to Kona Bay on closing of the Arrangement.

- On December 13, 2017, the Company consolidated its common shares on the basis of one post-consolidation common share for every two pre-consolidation common shares.

- On February 28, 2018, the Company 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.

- On July 23, 2018, the Company completed a private placement totaling 550,000 Units at a price of $0.10 per unit for net proceeds of $55,000. 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. Share issue costs of $2,300 were incurred in connection with this private placement.

(Expressed in Canadian dollars)

Pursuant to an escrow agreement dated February 28, 2018, 1,386,429 common shares and 575,000 warrants of the Company were deposited with an escrow agent. 25% of the common shares and warrants were released from escrow on the Company's listing date with the Canadian Stock Exchange. At September 30, 2018, 1,039,822 shares and 431,250 warrants were being held in escrow. These shares and warrants will be released in equal instalments 6, 12 and 18 months after the listing date.

Pursuant to a subscription agreement and a voluntary pooling agreement dated February 28, 2018 (the "closing date"), 1,825,000 common shares and 1,825,000 warrants of the Company were delivered to a trustee. At September 30, 2018, 100% of these shares and warrants were being held in the pool. These shares and warrants will be released as follows: 15% on the first day of the fiscal quarter six months after the closing date, 15% on the first day of each of the next five fiscal quarters and 10% on the first day of the sixth fiscal quarter.

8. WARRANTS

Warrant transactions related to the private placements completed during the year are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2018	2,950,000	$ 0.10
Issued with private placements	1,663,330	0.10
Outstanding, September 30, 2018	4,613,330	$ 0.10

The following table summarizes information about warrants outstanding at December 31, 2018:

Expiry Date	Exercise Price Per Share	Outstanding
February 28, 2023	$0.10	2,400,000
July 23, 2023	$0.10	550,000
November 21, 2019	$0.10	1,663,330
		4,613,330

(Expressed in Canadian dollars)

9. RELATED PARTY TRANSACTIONS

The Company has identified its directors and certain senior officers as its key personnel and the compensation costs for key personnel and companies related to them were recorded at their exchange amounts as agreed upon by transacting parties.

The remuneration of the Company's directors and other key management was as follows during the years ended September 30, 2018 and 2017:

		December 31, 2018	September 30, 2018
Management salary	(a)	$ 12,534	$ 40,774
Consulting and management fees	(b)	30,000	13,500
Accounting fees	(c)	2,500	7,500
		$ 45,034	$ 61,774

(a) Management salary of $12,534 (September 30, 2018 - $40,774) was allocated by ACT360 with respect to the Company's VP of Development.

(b) Consulting and management fees of $30,000 (September 30, 2018 - $13,500) were paid or accrued to a director of the Company.

(c) Accounting fees of $2,500 (September 30, 2018 - $7,500) were paid or accrued to a company controlled by the Chief Financial Officer of the Company.

On December 15, 2017, the Company entered into a Management Administrative Services Agreement (the "MASA") with Kona Bay for the purpose of providing certain management and administrative services to the Company. Pursuant to the MASA:

- The Company will pay a monthly service fee that will be reviewed and mutually agreed upon prior to the start of each fiscal year on October 1st;
- Unless otherwise agreed in writing, the MASA will terminate on September 30, 2019;
- For the period to December 31, 2018, the monthly service fee would range from $4,000 to $8,000 commensurate with corporate activity.

During the three-month period ended December 31, 2018, the Company paid $18,000 (December 31, 2017 - $nil) to Kona Bay.

The balance due from ACT360 at December 31, 2018 consists of revenue collected by ACT360 from the Company's clients on the Company's behalf, net of expenses incurred by ACT360 on the Company's behalf.

The balance due to Kona Bay at December 31, 2018 and September 31, 2018 consists of expenses incurred by Kona Bay on behalf of the Company.

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

10. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of $459,034. 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, 2018, the Company had working capital of $194,206 (September 30, 2018: $108,624) and requires additional capital. Management expects to raise such additional capital during the current fiscal year.

11. 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.

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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 is exposed to currency risk to the extent 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 $3,122, as detailed below:

United States Dollar Denominated Balances	December 31, 2018	September 30, 2018
Trade accounts receivable	$ 31,221	$ 25,399
10% change in exchange rate impact	**$ 3,122**	**$ 2,540**

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 December 31, 2018 relating to cash and cash equivalents of $105,209 (September 30, 2018: $713) 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 December 31, 2018 relating to trade accounts receivable of $53,802 (September 30, 2018: $32,854). Trade accounts receivable at December 31, 2018 and September 30, 2018, were due from two customers. The Company considers this credit risk to be minimal.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meets 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:

(Expressed in Canadian dollars)

December 31, 2018	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
Accounts payable and accrued liabilities	$ 41,947	$ -	$ -	$ 41,947
Customer deposits	53,948	-	-	53,948
Promissory note payable	3,000	9,577	200,000	212,577
	$ 98,895	$ 9,577	$ 200,000	$ 308,472

September 30, 2018	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
Accounts payable and accrued liabilities	$ 19,018	$ -	$ -	$ 19,018
Due to Kona Bay	-	3,559	-	3,559
Promissory note payable	-	9,577	200,000	209,577
	$ 19,018	$ 13,136	$ 200,000	$ 232,154

12. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to December 31, 2018, and has determined that there are no material events to be reported.