

HAPUNA VENTURES INC.
UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS
(Prepared by Management)

SIX-MONTH PERIOD ENDED MARCH 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.

HAPUNA VENTURES INC.**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT MARCH 31, 2018**(Expressed in Canadian dollars)

	Note	March 31, 2018	September 30, 2017
Assets			
Current Assets			
Cash and cash equivalents		\$ 25,213	\$ 59
Accounts receivable	4	51,263	25,000
Prepaid expenses and other assets		-	-
		<u>76,476</u>	<u>25,059</u>
Customer lists and intangible assets	10	325,000	-
		<u>\$ 401,476</u>	<u>\$ 25,059</u>
Liabilities			
Current Liabilities			
Accounts payable and accrued liabilities	5	\$ 99,086	\$ 27,539
Shareholder loans	5	-	24,000
		<u>99,086</u>	<u>51,539</u>
Notes payable	10	330,770	-
		<u>429,856</u>	<u>51,539</u>
Shareholders' Equity			
Share Capital	6	179,501	1
Share subscriptions received	6	-	25,000
Deficit		(207,881)	(51,481)
		<u>(28,380)</u>	<u>(26,480)</u>
Total Liabilities and Shareholders' Equity		<u>\$ 401,476</u>	<u>\$ 25,059</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON MAY 30, 2018

"Dickson Hall"

Director

"Vincent Wong"

Director

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.**UNAUDITED INTERIM STATEMENTS OF OPERATIONS AND COMPREHENSIVE LOSS****FOR THE THREE AND SIX-MONTH PERIODS ENDED MARCH 31, 2018**(Expressed in Canadian dollars)

	Three Month Period ended March 31, 2018	Six Month Period ended March 31, 2018
	Note	
Sales	\$ 14,226	\$ 43,676
Expenses		
Consulting	17,300	17,300
Development costs	10,000	20,000
Management fees	7 24,000	24,000
Regulator and filing fees	3,017	3,017
Selling office and general	39,389	68,120
Wages and benefits	4,960	17,355
	<u>98,666</u>	<u>149,792</u>
Loss before other items	(84,440)	(106,116)
Other Items		
Interest expense	10 (4,808)	(5,770)
Restructuring expense	10 (955)	(44,515)
Net and comprehensive income (loss) for the period	<u>\$ (90,203)</u>	<u>\$ (156,401)</u>
Earnings (loss) per share	<u>\$ (0.04)</u>	<u>\$ (0.16)</u>
Weighted average number of common shares outstanding	<u>2,325,012</u>	<u>989,486</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS****FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018**(Expressed in Canadian dollars)

Operating Activities	
Net income (loss) for the year	\$ (156,401)
Items not involving cash	
Depreciation	-
Interest on note payable	5,770
Note payable	325,000
Acquisition of intangible assets	(325,000)
Changes in assets and liabilities	
Accounts receivable	(26,263)
Prepaid expenses and other current assets	-
Due to related parties	-
Accounts payable and accrued liabilities	71,548
Unearned revenue	-
Cash used in operating activities - continuing operations	<u>(105,346)</u>
Financing Activities	
Shareholder loans	(24,000)
Share subscriptions	(25,000)
Issuance of common stock	179,500
Cash provided by financing activities	<u>130,500</u>
Net change in cash and cash equivalents	25,154
Cash and cash equivalents, beginning balance	<u>59</u>
Cash and cash equivalents, ending balance	<u>\$ 25,213</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.**UNAUDITED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDER'S DEFICIENCY****FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018**(Expressed in Canadian dollars)

		Share Capital				Total Shareholders'
	Note	Number of Shares	Amount	Share subscriptions	Deficit	Equity
Balance at Incorporation February 1, 2017 and March 31, 2017		-	\$ -	-	\$ -	-
Shares issued		1	1	-	-	1
Share subscriptions received	6	-	-	25,000	-	25,000
Loss for the period		-	-	-	(51,481)	(51,481)
Balance at September 30, 2017		1	\$ 1	25,000	\$ (51,481)	\$ (26,480)
Shares issued per Arrangement, net	6,10	1,587,067	-	-	-	-
Share subscriptions received		-	-	9,500	-	9,500
Private placement at \$0.10 per common share		1,795,000	179,500	(34,500)	-	145,000
Loss for the period		-	-	-	(156,401)	(156,401)
Balance at March 31, 2018		3,382,068	\$ 179,501	\$ -	\$ (207,881)	\$ (28,380)

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018

(Expressed in Canadian dollars)

1. CORPORATE INFORMATION AND NATURE OF OPERATIONS

Hapuna 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's principal business activity consists of digital customer acquisition primarily for 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. 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 Bexar Ventures Inc. ("Bexar") 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 business unit was transferred to the Company by Kona Bay and ACT360. In conjunction with closing of the POA the Company consolidated its common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares.

Subsequent to the period end, on January 4, 2018, Kona Bay transferred 100% of the Common Shares of the Company to shareholders of record as of December 13, 2017. A total of 1,587,068 post-consolidation common shares of the Company were distributed.

The Company is a reporting issuer under applicable Canadian Securities regulations and is in the process of becoming a listed company on a major Canadian stock exchange.

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 \$207,881 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.

HAPUNA VENTURES INC.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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(Expressed in Canadian dollars)

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, 2017. 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

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, 2017, 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 six-month period ended March 31, 2017 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, 2017, 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
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.

HAPUNA VENTURES INC.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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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

Accounts receivable consist of the following:

	March 31, 2018	September 30, 2017
Recoverable goods and services / harmonized sales tax	\$ 7,587	\$ -
Due from Bexar, a company with directors in common	-	25,000
Due from ACT360 Media, a company with directors in common	43,676	-
	<u>\$ 51,263</u>	<u>\$ 25,000</u>

5. ACCOUNTS PAYABLE

Accounts payable consist of the following:

	March 31, 2018	September 30, 2017
Trade accounts payable	\$ 1,241	\$ -
Interest on notes payable	5,770	-
Due to Kona Bay, a company with directors in common	64,220	27,539
Due to ACT360 Media, a company with directors in common	27,855	-
	<u>\$ 99,086</u>	<u>\$ 27,539</u>

Amounts due to Kona Bay include ongoing operating expenses and trade accounts payable paid by Kona Bay and billed to the Company, as well as restructuring costs payable by the Company.

Shareholder loans of \$nil (September 30, 2017: \$24,000) were unsecured, non-interest bearing and had no specific terms of repayment. The shareholder loans were applied to the private placement completed during the period.

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018**

(Expressed in Canadian dollars)

6. 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.

Private Placement Financing

During the period ended March 31, 2018, the Company completed the following private placements:

- 1,000,000 Units (the "Units") at a price of \$0.10 per Unit for gross proceeds of \$100,000. Each Unit is comprised of one common share of the Company and one common share purchase warrant, with each warrant entitling the holder to purchase one additional common share at \$0.10 per share for a period of five years from the date of the issue; and
- 795,000 Common Shares at a price of \$0.10 per common share for gross proceeds of \$79,500.

Previously received shares subscriptions, as well as the shareholder loan were applied to the financing.

During the period ended September 30, 2017, a \$25,000 stock subscription was received pursuant to a private placement. This subscription is 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.

Restructuring

On December 13, 2017, a total of 1,587,068 post-consolidation common shares of the Company were issued upon the closing of the POA. On January 4, 2018, Kona Bay distributed 100 per cent of the common shares of the Company and Bexar to Kona Bay's shareholders of record. The Company consolidated its common shares on the basis of one post-consolidation common share for every three pre-consolidation common shares.

Warrants

Warrant transactions related to the private placement completed during the period are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2017	-	-
Issued with private placement	1,000,000	\$ 0.10
Outstanding March 31, 2018	1,000,000	\$ 0.10

The warrants are exercisable for a period of 5 years, expiring February 22, 2023.

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NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

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7. RELATED PARTY TRANSACTIONS

Included in accounts receivable is \$43,676 (September 30, 2017: \$nil) due to Act360 Media. \$nil (September 30, 2017: \$25,000) is due from Bexar. Both are formerly related companies with certain directors in common. This is as a result of the restructuring activities of the various companies.

The balance payable of \$99,066 (September 30, 2017: \$27,539) includes funds owed to Kona Bay, as a result of restructuring costs incurred by Kona Bay on the Company's behalf of \$64,220. \$27,855 is due to ACT360 Media due to expenses paid on behalf of the Company.

The shareholder loans of \$nil (September 30, 2017: \$24,000) were due to a related party as the result of advances from a Company director.

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

Kona Bay charged a management fee of \$24,000 during the period for the administration of the Company.

8. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of \$179,501. 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 March 31, 2018, the Company had a working capital deficiency of \$22,610 (September 30, 2017: \$26,480) and requires additional capital. Management expects to raise such additional capital as part of the process of obtaining 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.

HAPUNA VENTURES INC.

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(Expressed in Canadian dollars)

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 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.

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 accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand. The Company considers this 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. 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.

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.

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS****FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018**

(Expressed in Canadian dollars)

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

	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
March 31, 2018				
Due to shareholders	\$ -	\$ -	\$ -	\$ -
Accounts payable	99,086	-	-	99,086
Notes payable	-	-	330,770	330,770
	<u>\$ 99,086</u>	<u>\$ -</u>	<u>\$ 330,770</u>	<u>\$ 429,854</u>
September 30, 2017				
Due to shareholders	\$ -	\$ 24,000	\$ -	\$ 24,000
Accounts payable	-	27,539	-	27,539
	<u>\$ -</u>	<u>\$ 51,539</u>	<u>\$ -</u>	<u>\$ 51,539</u>

10. CORPORATE RESTRUCTURING – KONA BAY

On January 31, 2017, Kona Bay incorporated two wholly-owned subsidiaries, the Company and Bexar.

On February 28, 2017, the Company entered into an Arrangement Agreement (the "Agreement") with Kona Bay, ACT360 Media Ltd. ("ACT360") and Bexar Ventures Inc. ("Bexar") 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 business unit was transferred to the Company by Kona Bay and ACT360.

Pursuant to the Arrangement:

- all of the issued and unissued common shares of Kona Bay became Class A common shares and a new class of common shares was created;
- each outstanding Class A common share was exchanged for one new common share, one Bexar common share and one Company common share and Kona Bay's shareholders ceased to be the holders of the Class A shares exchanged;
- each option to acquire one common share of Kona Bay was deemed to be exchanged for a new option to acquire one new common share at the existing exercise price;
- each warrant of Kona Bay was 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 was 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 were cancelled; and
- the online advertising assets were transferred to the Company in exchange for a \$325,000 promissory note payable to ACT360 bearing interest at 6% per annum and due on the third anniversary of the promissory note.

HAPUNA VENTURES INC.

NOTES TO THE UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

FOR THE SIX-MONTH PERIOD ENDED MARCH 31, 2018

(Expressed in Canadian dollars)

11. EVENTS AFTER THE REPORTING PERIOD

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

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12. COMPARATIVE FINANCIAL STATEMENTS

As the Company was incorporated on January 31, 2017, and was inactive, there are no comparative financial statements as of March 31, 2017.