

HAPUNA VENTURES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(Prepared by Management)

NINE-MONTH PERIOD ENDED JUNE 30, 2019

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 JUNE 30, 2019 AND SEPTEMBER 30, 2018**(Expressed in Canadian dollars)

	Note	June 30, 2019	September 30, 2018
Assets			
Current Assets			
Cash and cash equivalents		\$ -	\$ 13,431
Accounts receivable	4	14,737	10,151
Due from ACT360		26,579	33,172
		<u>41,316</u>	<u>56,754</u>
Customer lists and intangible assets	5	1	1
		<u>\$ 41,317</u>	<u>\$ 56,755</u>
Liabilities			
Current Liabilities			
Bank overdraft		\$ 1,416	\$ -
Accounts payable and accrued liabilities		223,194	15,172
Due to Kona Bay	9	123,009	76,150
		<u>347,619</u>	<u>91,322</u>
Notes payable	6	355,133	340,547
		<u>702,752</u>	<u>431,869</u>
Shareholders' Equity			
Share Capital	7	260,834	179,501
Share subscriptions received	7	10,000	60,000
Deficit		(932,269)	(614,615)
		<u>(661,435)</u>	<u>(375,114)</u>
Total Equity (Deficiency)		<u>(661,435)</u>	<u>(375,114)</u>
Total Liabilities and Shareholders' Equity		<u>\$ 41,317</u>	<u>\$ 56,755</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 22, 2019

"Charles Jenkins"

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-MONTH AND NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**(Expressed in Canadian dollars)

		Three Month Period ended June 30, 2019	Three Month Period ended June 30, 2018	Nine Month Period ended June 30, 2019	Nine Month Period ended June 30, 2018
	Note				
Sales		\$ 2,501	\$ 14,153	\$ 33,727	\$ 57,829
Expenses					
Accounting and legal	9	\$ 26,524	\$ -	\$ 42,674	\$ -
Consulting	9	60,000	9,000	180,000	26,300
Development costs		-	5,262	-	25,262
Management fees	9	15,000	12,000	45,000	36,000
Regulator and filing fees		2,657	192	8,485	3,209
Selling office and general		14,929	22,940	47,246	91,060
Wages and benefits		(7,610)	8,784	13,391	26,139
		<u>111,500</u>	<u>58,178</u>	<u>336,796</u>	<u>207,970</u>
Loss before other items		(108,999)	(44,025)	(303,069)	(150,141)
Other Items					
Interest expense	6	(9,711)	(4,862)	(14,586)	(5,770)
Restructuring expense		-	(1,585)	-	(44,515)
Net and comprehensive income (loss) for the period		<u>\$ (118,710)</u>	<u>\$ (50,472)</u>	<u>\$ (317,655)</u>	<u>\$ (200,426)</u>
Earnings (loss) per share		<u>\$ (0.03)</u>	<u>\$ (0.01)</u>	<u>\$ (0.08)</u>	<u>\$ (0.10)</u>
Weighted average number of common shares outstanding		<u>4,195,398</u>	<u>3,382,068</u>	<u>4,040,478</u>	<u>2,005,833</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS****FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**(Expressed in Canadian dollars)

	2019	2018
Operating Activities		
Net income (loss) for the year	\$ (317,655)	\$ (206,873)
Items not involving cash		
Interest on note payable	14,586	10,632
Note payable	-	325,000
Acquisition of intangible assets	-	(325,000)
Changes in assets and liabilities		
Accounts receivable	(4,586)	(34,872)
Accounts payable and accrued liabilities	208,023	106,052
Cash used in operating activities - continuing operations	<u>(99,632)</u>	<u>(125,061)</u>
Financing Activities		
Shareholder loans	-	(24,000)
Due to related parties	53,452	-
Share subscriptions	(50,000)	(25,000)
Issuance of common stock	81,333	179,500
Cash provided by financing activities	<u>84,785</u>	<u>130,500</u>
Net change in cash and cash equivalents	(14,847)	5,439
Cash and cash equivalents, beginning balance	<u>13,431</u>	<u>59</u>
Cash and cash equivalents, ending balance	<u>\$ (1,416)</u>	<u>\$ 5,498</u>

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.**UNAUDITED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' DEFICIENCY****FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**(Expressed in Canadian dollars)

	Share Capital				Total Shareholders' Equity
	Number of Shares	Amount	Share subscriptions	Deficit	
Balance at September 30, 2017	1	\$ 1	\$ 25,000	\$ (51,481)	(26,480)
Shares issued per Arrangement, net	1,587,067	-	-	-	-
Share subscriptions received	-	-	9,500	-	9,500
Private placement	1,795,000	179,500	(34,500)	-	145,000
Loss for the period				(206,873)	(206,873)
Balance at June 30, 2018	3,382,068	\$ 179,501	\$ -	\$ (258,354)	(78,853)
Share subscriptions received	-	-	60,000	-	60,000
Loss for the period				(356,261)	(356,261)
Balance at September 30, 2018	3,382,068	\$ 179,501	\$ 60,000	\$ (614,614)	(375,113)
Private placement	813,330	81,333	(50,000)	-	31,333
Loss for the period				(317,655)	(317,655)
Balance at June 30, 2019	4,195,398	\$ 260,834	\$ 10,000	\$ (932,269)	(661,435)

The Accompanying Notes are an Integral Part of the Financial Statements

HAPUNA VENTURES INC.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 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 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. 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 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 online advertising 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 three 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.

The Company is a reporting issuer under applicable Canadian Securities regulations. However, it has not yet obtained a listing on a 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 \$932,269 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.

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**NOTES TO THE UNAUDITED INTERIM 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 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 nine-month period ended June 30, 2019 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.

Application of new and revised accounting standards effective October 1, 2018

The following new accounting standards and amendments which the Company adopted and are effective for the Company's annual financial statements commencing October 1, 2018:

IFRS 9, Financial instruments - In July 2014, the IASB issued the final version of IFRS9 to replace IAS 39. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018, with early adoption permitted. The Company determined that the adoption of this standard did not have a significant impact on its financial statements.

Classification and measurement

The Company determines the classification of its financial instruments at initial recognition. Financial assets and financial liabilities are classified according to the following measurement categories:

- i. those to be measured subsequently at fair value, either through profit or loss ("FVTPL") or through other comprehensive income ("FVTOCI"); and,
- ii. those to be measured subsequently at amortized cost.

HAPUNA VENTURES INC.

**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(Expressed in Canadian dollars)

The classification and measurement of financial assets after initial recognition at fair value depends on the business model for managing the financial asset and the contractual terms of the cash flows. Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding, are generally measured at amortized cost at each subsequent reporting period. All other financial assets are measured at their fair values at each subsequent reporting period, with any changes recorded through profit or loss or through other comprehensive income (which designation is made as an irrevocable election at the time of recognition).

After initial recognition at fair value, financial instruments are classified and measured at either:

- i. amortized cost;
- ii. FVTPL, if the Company has made an irrevocable election at the time of recognition, or when required (for items such as instruments held for trading or derivatives); or,
- iii. FVTOCI, when the change in fair value is attributable to changes in the Company's credit risk.

The Company reclassifies financial assets when and only when its business model for managing those assets changes. Financial liabilities are not reclassified.

Transaction costs that are directly attributable to the acquisition or issuance of a financial asset or financial liability classified as subsequently measured at amortized cost are included in the fair value of the instrument on initial recognition. Transaction costs for financial assets and financial liabilities classified at fair value through profit or loss are expensed in profit or loss.

Classification

The Company's financial assets consists of cash, which is classified and measured at FVTPL, with realized and unrealized gains or losses related to changes in fair value reported in net loss and accounts receivable and due from related party which are measured at amortized cost using the effective interest method. The Company's financial liabilities consist of accounts payable and accrued liabilities and due to related party, which are classified and measured at amortized cost using the effective interest method. Interest expense is reported in net loss.

Impairment

The Company assesses all information available, including on a forward-looking basis the expected credit losses associated with any financial assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition based on all information available, and reasonable and supportable forward-looking information.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases, and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost

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**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
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would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Effective October 1, 2018, the Company adopted IFRS 15, Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 supersedes the existing standards and interpretations including IAS 18, Revenue. IFRS 15 introduces a single model for recognizing revenue from contracts with customers with the exception of certain contracts under other IFRSs. The standard requires revenue to be recognized at a point in time or over time in a manner that depicts the transfer of promised goods or services to a customer and at an amount that reflects the expected consideration receivable in exchange for transferring those goods or services.

This is achieved by applying the following five steps:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract; and
5. Recognize revenue when (or as) the entity satisfies a performance obligation.

The Company currently sells marketing information to higher education institutions. These services typically result in a single deliverable product. The Company determined that the adoption of this standard did not have a significant impact on its financial statements.

Recent Accounting Pronouncements

In January 2016, the IASB issued IFRS 16, Leases ("IFRS 16") which replaces IAS 17, Leases and its associated interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low-value assets. Lessor accounting remains similar to current accounting practice. The standard is effective for annual periods beginning on or after January 1, 2019. The Company went through the process and identified no contracts that might be relevant under the new standard. The Company has not early adopted the new standard.

4. AMOUNTS RECEIVABLE

Amounts receivable consist of the following:

	June 30, 2019	September 30, 2018
Trade accounts receivable	\$ -	\$ 8,476
Recoverable goods and services / harmonized sales tax	14,737	1,675
	<u>\$ 14,737</u>	<u>\$ 10,151</u>

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(Expressed in Canadian dollars)

5. INTANGIBLE ASSETS

	Customer Relationships – Online Advertising	Online Advertising Leads Database	Total
Cost			
September 30, 2017	\$ -	\$ -	\$ -
Transfer on closing of Arrangement	108,000	217,000	325,000
September 30, 2018	108,000	217,000	325,000
Accumulated amortization and impairment			
September 30, 2017	-	-	-
Amortization expense	-	-	-
Impairment provision	108,000	216,999	324,999
September 30, 2018	108,000	216,999	324,999
Net book value			
September 30, 2018	\$ -	\$ 1	\$ 1
June 30, 2019	\$ -	\$ 1	\$ 1

The Company acquired relationships with online advertising customers and an online advertising leads database from ACT360 upon closing of the Arrangement on December 13, 2017 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.

Customer Relationships

Customer relationships consist of relationships with various post-secondary education institutions, with online advertising services provided by the Company to recruit students to these institutions.

Online Advertising Leads Database

The Company's online advertising leads database consists of personal information collected from potential student leads during the online advertising process.

Revenue relating to these assets has decreased by approximately 89% over the last three years and the Company is economically dependent on three customers. Given that management is not in a position to be able to estimate the future cash flows attributable to the customer relationships and online advertising leads database with any degree of certainty, they were written down to a nominal amount of \$1 at September 30, 2018. No changes during the nine-month ended June 30, 2019.

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NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

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(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 \$325,000 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:

	June 30, 2019	September 30, 2018
Principal	\$ 325,000	\$ 325,000
Accrued interest	30,133	15,547
Total	\$ 355,133	\$ 340,547

At June 30, 2019, the fair value of the promissory note payable was approximately \$355,000 (September 30, 2018 – \$331,000). 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 \$9,750, repayment of \$325,000 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 nine-month period ended June 30, 2019, the Company completed the following:

-) On November 21, 2018, the Company closed a private placement consisting of 813,330 units for gross proceeds of \$81,333. 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 the issue.

During 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 three pre-consolidation common shares.
-) On February 21, 2018, the Company completed a non-brokered private placement of 1,000,000 Units at a price of \$0.10 per Unit and 795,000 common shares at a price of \$0.10 per share for gross proceeds of \$179,500. 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 VENTURES INC.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(Expressed in Canadian dollars)

8. WARRANTS

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

	Number of Warrants	Weighted Average Exercise Price
Outstanding, September 30, 2018	1,000,000	\$ 0.10
Issued with private placement	813,330	\$ 0.10
Outstanding, June 30, 2019	<u>1,813,330</u>	<u>\$ 0.10</u>

The following table summarizes information about warrants outstanding at June 30, 2019:

Expiry Date	Exercise Price Per Share	Outstanding
February 21, 2023	\$0.10	1,000,000
November 1, 2019	\$0.10	813,330
		<u>1,813,330</u>

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 periods ended June 30, 2019 and 2018:

		Three-month period ended June 30,		Nine-month period ended June 30,	
		2019	2018	2019	2018
Consulting fees	(a)	\$ 30,000	\$ -	\$ 90,000	\$ -
Management fees	(b)	15,000	12,000	45,000	36,000
Accounting fees	(c)	10,500	5,000	13,000	5,000
		<u>\$ 55,500</u>	<u>\$ 17,000</u>	<u>\$ 148,000</u>	<u>\$ 41,000</u>

- (a) Consulting fees were paid to a director of the Company. As of June 30, 2019, \$94,500 (September 30, 2018 - \$nil) is owed to the director.
- (b) Management fees are paid pursuant to the Management Administrative Services Agreement. As of June 30, 2019, \$47,250 (September 30, 2018 - \$99,060) is owed. The balance owing as of September 30, 2018 included certain restructuring expenses.
- (c) Accounting fees of \$13,350 (September 30, 2018 - \$6,300) were paid or accrued to the former parent company, allocating fees paid to the acting CFO charged to the former parent for additional services not covered in the Management Administrative Services Agreement.

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(Expressed in Canadian dollars)

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.

The balance due from ACT360 at June 30, 2019 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 June 30, 2019 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 \$260,834. 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 June 30, 2019, the Company had a working capital deficiency of \$306,303 (September 30, 2018 – deficiency of \$34,568) 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:

- Ñ Market Risk
- Ñ Credit Risk
- Ñ 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.

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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.

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.

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 \$Nil, as detailed below:

	June 30, 2019	September 30, 2018
United States Dollar Denominated Balances		
Trade accounts receivable	\$ -	\$ 8,476
10% change in exchange rate impact	\$ -	\$ 848

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 June 30, 2019 relating to bank overdraft of \$1,416 (September 30, 2018 - cash and cash equivalents of \$13,431) 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 June 30, 2019 relating to trade receivable of \$Nil and due from ACT360 of \$26,579 (September 30, 2018 - \$8,476 and \$33,172). Trade accounts receivable at June 30, 2019 and September 30, 2018, were due from one customer. 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. 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.

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**

(Expressed in Canadian dollars)

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:

	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
June 30 2019				
Bank overdraft	\$ 1,416	\$ -	\$ -	\$ 1,416
Accounts payable and accrued liabilities	223,194	-	-	223,194
Due to Kona Bay	123,009	-	-	123,009
Promissory note payable	4,862	25,271	325,000	355,133
	<u>\$ 352,481</u>	<u>\$ 25,271</u>	<u>\$ 325,000</u>	<u>\$ 702,750</u>
September 30, 2018				
Accounts payable and accrued liabilities	\$ 15,172	\$ -	\$ -	\$ 15,172
Due to Kona Bay	-	76,150	-	76,150
Promissory note payable	-	15,547	325,000	340,547
	<u>\$ 15,172</u>	<u>\$ 91,697</u>	<u>\$ 325,000</u>	<u>\$ 431,869</u>

12. PROJECT DEVELOPMENT COSTS

On October 2, 2017, the Company entered into a joint venture agreement (the "JVA") for the purpose of developing a student travel mobile app. Subsequent to entering into the JVA, the parties agreed that the intent of the project was to provide a framework for investigating the feasibility of proceeding with development of the app and not to be a joint arrangement. Accordingly, each party bore its own costs without any accounting to the other party and the Company recorded its costs incurred as project development costs.

13. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to June 30, 2019 and has determined that there are no material events to be reported.