

HAPUNA VENTURES INC.

**Management Discussion and Analysis
of
Financial Position and Results of Operations
for the
Year ended September 30, 2019**

This report is dated February 20, 2020.
(The "Report Date")

Introduction

The following information should be read in conjunction with the annual audited financial statements of the Company for the years ended September 30, 2019 and 2018.

The financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”).

Note 3 to the audited financial statements at September 30, 2019 describes the Company’s significant accounting policies, as well as new accounting pronouncements not yet effective. During the year ended September 30, 2019, the Company’s critical accounting estimates and significant accounting policies have remained substantially unchanged.

All amounts presented in this document are stated in Canadian dollars, except where otherwise noted.

Forward Looking Statements

This Management’s Discussion and Analysis is intended to supplement and complement audited consolidated financial statements and notes thereto for the year ended September 30, 2019, and the notes thereto (the “Financial Statements”). Readers are encouraged to review these Financial Statements in conjunction with a review of this Management’s Discussion and Analysis. Certain notes to the Financial Statements are specifically referred to in this Management’s Discussion and Analysis and such notes are incorporated by reference herein. Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those implied by the forward-looking statements. These forward-looking statements are based on, but not limited to, material assumptions including: a continuing or increased need for student recruitment services; the attainment of certain sales targets and company performance; the ability of the Company to successfully execute on its growth and new business strategies, including attracting new higher education clients; continuation of support from existing higher education clients; the demand for its products continuing to increase; stable currency valuations; a sufficiently stable and healthy global economic environment; and other expectations, intentions and plans contained in this MD&A that are not historical fact. When used in this MD&A, the words “plan,” “expect,” “believe,” and similar expressions generally identify forward looking statements. These statements reflect current expectations. They are subject to a number of risks and uncertainties, including, but not limited to, changes in technology and general market conditions. In light of the many risks and uncertainties, readers should understand that the Company cannot offer assurance that the forward-looking statements contained in this analysis will be realized. **Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made, and readers are advised to consider such forward-looking statements in light of the risks as set forth below.**

Additional information relating to the Company may be found on SEDAR at www.sedar.com.

Corporate Overview and Description of Business

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”).

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.

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

Description of the Business

Hapuna is a technology company specializing in digital customer acquisition. Hapuna's 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. Hapuna's vision is to expand beyond the education industry into other vertical markets to deliver qualified inquiries to advertiser clients at scale and according to the client's targeted return on investment. Hapuna manages and optimises its customers' digital marketing campaigns using a proprietary inquiry management platform and database of over 5 million international prospects. Hapuna's performance-based business model enables its customers to acquire new consumers based on specific characteristics such as age, education level, and location. Hapuna typically charges a customer only if the digital marketing campaign achieves certain measurable actions which are pre-defined by the customer. Such actions include qualified inquiries and conversions into service or product sales.

Results of Operations

During the year ended September 30, 2019, the Company had revenues of \$54,160 (2018: \$86,069). The decline in revenues reflects a general decline in the Company's clients marketing requirements.

The expenses incurred by the Company in 2019 were primarily direct expenses incurred in business operations or allocated as part of the process of the moving the business into the Company. The most significant elements of the Company's expenses are:

- J Accounting and legal expenses were \$56,172 (2018: \$12,075) as the Company incurred charges for legal, bookkeeping, and accounting services as a reporting issuer;
- J Advertising and promotion of \$44,124 (2018: \$36,201) related to digital marketing expenses for the Company's advertising platform; ;
- J Consulting fees of \$240,000 (2018: \$44,223) were incurred as the Company hired consultants to find additional and diversified business opportunities;
- J Interest expense of \$19,854 (2018: \$15,547) was recognized on the promissory note, varying due to the length of time the note was outstanding;
- J Management fees of \$60,000 (2018: \$48,000) were paid to Kona Bay to provide administrative services;
- J Regulatory and filing fees of \$8,680 (2018: \$6,145) were incurred as a reporting issuer;

- J Selling and office expenses of \$13,352 (2018: \$60,698) reflect expenses incurred primarily as a result of the direct operations of the business including client related advertising, sales expenses and administrative costs. Certain costs are allocated from the former parent company, including certain 2018 extraordinary expenses relating to the plan of arrangement process;
- J Wages and benefits of \$9,470 compared to \$24,998 paid in 2018. These expenses vary directly with staffing costs related to revenue generation and their timing. The general decline in revenues reduced wages and benefits, resulting in the reduction compared to 2018 wages; and
- J \$324,999 and \$46,055 of write-downs and restructuring expenses were incurred by the Company in 2018. There were no comparable expenses in the current period.

Summary of Quarterly Results (Unaudited)

	Fiscal 2018-2019			
	Q4	Q3	Q2	Q1
	Sept. 30, 2019	June 30, 2019	March 31, 2019	Dec. 31, 2018
Sales	20,433	2,501	14,126	17,100
Expenses	(114,856)	(111,500)	(104,564)	(120,732)
Net income (loss)	(84,712)	(118,710)	(90,438)	(103,632)
Comprehensive income (loss)	(74,962)	(118,710)	(95,313)	(108,507)
Income (loss) per share	(0.02)	(0.03)	(0.02)	(0.03)
Total Assets	49,815	41,317	56,381	62,115
Working capital (deficiency)	(382,063)	(306,303)	(197,304)	(106,867)

	Fiscal 2017-2018			
	Q4	Q3	Q2	Q1
	Sept. 30, 2018	June 30, 2018	March 31, 2018	Dec. 31, 2017
Sales	28,240	14,153	14,226	29,450
Expenses	(25,657)	(58,178)	(98,666)	(95,648)
Net income (loss)	(368,471)	(44,025)	(84,440)	(66,198)
Comprehensive income (loss)	(356,261)	(50,472)	(90,203)	(66,198)
Income (loss) per share	(0.17)	(0.01)	(0.04)	(0.02)
Total Assets	56,755	390,370	401,476	385,208
Working capital (deficiency)	(34,568)	(68,220)	(22,610)	(86,715)

Selected Annual Information

The following table summarizes selected audited financial information of the Company for the fiscal years ended September 30, 2019, 2018 and 2017. The information should be read in conjunction with the Company's audited annual financial statements and related notes.

	Year ended 09/30/2019 (audited)	Year ended 09/30/2018 (audited)	Year ended 09/30/2017 (audited) (1)
	\$	\$	\$
Statement of Operation			
Revenue	54,160	86,069	-
Operating Expenses	451,652	278,149	41
Other Items	-	(371,054)	(51,440)
Net Income (Loss)	(397,492)	(563,134)	(51,481)
Financial Position			
Current Assets	49,814	56,754	25,059
Total Assets	49,815	56,755	25,059
Total Liabilities	791,925	431,869	51,539
Shareholders' Equity	(742,110)	(375,114)	(26,480)

(1) The results presented are for the Company only as of September 30, 2017. A significant portion of the business segment operations were completed prior to transfer of the business operations, assets and liabilities to the Company by ACT360, a subsidiary of Kona Bay. Kona Bay disclosed discontinued operations related to this business segment in Note 17 of the audited consolidated financial statements as of September 30, 2017 as follows:

Revenues	\$169,184
Expenses	(203,939)
Other items	277,908
Income from operations	\$243,153

Year ended September 30, 2019

During the year ended September 30, 2019, the Company had revenues of \$54,160 (2018: \$86,069), and operating expenses of \$451,652 (2018: \$278,149). Accordingly, the loss from operations was \$397,492 (2017: \$192,080). Total comprehensive loss was \$397,492 (2018: \$563,134). The decline in revenues continued a trend in clients reducing their budgets and spending, while expenses increased as the Company sought other clients and business opportunities. Q4 continued this trend comparable to other quarters.

Year ended September 30, 2018

During the year ended September 30, 2018, the Company had revenues of \$86,069 (2017: \$nil), and operating expenses of \$278,149 (2017: \$41). Accordingly, the loss from operations was \$192,080 (2017: \$41). A write down of intangible assets and restructuring expenses resulted in a comprehensive loss of \$563,134 (2017: \$51,481). The intangible assets acquired from Kona Bay were written down to \$1 from their acquisition cost of \$325,000 due to the general reduction in revenues during the year and uncertainty surrounding future revenues for the client base.

History as a “Discontinued Operation of Kona Bay for the year ended September 30, 2017

Kona Bay reported the results of the Hapuna business segment as discontinued operations held for sale in its 2017 annual audited consolidated financial statements. The business segment reported revenues of \$169,184, and expenses of \$203,939. A gain of \$108,140 was reported due to a debt settlement and a further gain of \$210,000 was reported due to a recovery of previously recorded commissions that were recovered. An income tax expense of \$40,232 was also recorded. Accordingly, the business segment reported income of \$243,153. The reader is referred to Note 9 of the 2017 audited financial statements of Hapuna and the audited financial statements of Kona Bay for further details.

History of Operations

The discussion below includes and summarizes the operations of the business segment when it was part of the operations of ACT360 Media, a subsidiary of Kona Bay, the results of which were reported in the consolidated financial statements of Kona Bay.

Products and Services

Hapuna’s Student Marketing Services business unit is focused on generating high quality international inquiries for its higher education clients and has historically been the key driver of Hapuna’s revenue growth. The decline in revenues during the current year was a direct result of a decrease in marketing budgets of these clients.

Hapuna’s Global Study Advisor is a proprietary software application for the delivery of digital ads that are placed on partner websites. The Global Study Advisor platform collects key qualifying data points from prospective students and then matches them with a university program. Engaged students who wish to be contacted by the university will then complete an inquiry form which is transmitted in real-time to the university’s student recruiting team.

Hapuna’s digital operations are conducted primarily in Canada, with clients that are located in the United States.

MyWorld Mobile Partnership

During the year ended September 30, 2018, the Company entered into a working arrangement with a mobile applications software company to develop the MyWorld student travel mobile application ("MyWorld App") targeting the Company’s user database of 5 million international students. As part of the arrangement, the Company expects to ultimately contribute 50% of the software engineering cost to develop the MyWorld App in addition to providing customer acquisition services to on-board international students from the Company’s database. During the year ended September 30, 2019, the Company recorded \$Nil (2018 -\$30,262) as development expenses with respect to this project.

Financing Activities

As part of the 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:

		2019		2018
Principal	\$	325,000	\$	325,000
Accrued interest		35,048		15,547
Total	\$	360,048	\$	340,547

In conjunction with closing the arrangement on December 13, 2017, Hapuna consolidated its common shares on the basis of one post-consolidation common share of Hapuna for every three pre-consolidation common shares of Hapuna. Accordingly, holders of common shares of Kona Bay received, on a pro rata basis, one post-consolidation Hapuna common share for every three Kona Bay common shares. On December 14, 2017, a total of 1,587,068 shares of Hapuna were distributed to Kona Bay shareholders of record.

On February 21, 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.

On November 2, 2018 and August 7, 2019, the Company closed two private placements consisting of 813,330 and 100,000 units, respectively, for total gross proceeds of \$91,333. 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. Share offering costs of \$837 were incurred in connection with this private placement. Subscriptions received of \$60,000 was reclassified to share capital.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the year ended September 30, 2019 resulted in a cash decrease of \$13,902 (2018: increase of \$13,372). As at September 30, 2019, the Company's cash and cash equivalents balance was a deficit of \$471 (September 30, 2018: \$13,431) and the Company had working capital deficit of \$(382,063) (September 30, 2018: deficit of \$(34,568)).

During the year ended September 30, 2019, the Company paid \$nil (year ended September 30, 2018 - \$nil) to acquire equipment. No other capital expenditures were incurred.

The Company anticipates that additional financing will be required in fiscal 2019, both for working capital purposes and for capital and operating expenditures related to its growth strategies. The Company may be dependent on future equity financings to take advantage of these initiatives.

Transactions with Related Parties

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 September 30, 2019 and 2018:

		2019	2018
Consulting fees	(a)	\$ 120,000	\$ -
Management salary	(b)	4,783	12,719
Accounting fees	(c)	17,500	6,000
		<u>\$ 142,283</u>	<u>\$ 18,719</u>

- (a) Consulting fees of \$120,000 (2018 - \$Nil) were paid or accrued to a director and CEO of the Company.
- (b) Management salary of \$4,783 (2018 - \$12,719) was allocated by ACT360 with respect to the Company's VP of Development.
- (c) Accounting fees of \$17,500 (September 30, 2018 - \$6,000) were paid or accrued to a company controlled by the Chief Financial Officer of the Company.

As at September 30, 2019, \$126,000 (2018 - \$Nil) were owing to key management personnel for fees and expenses and the amounts were included in accounts payable. The amounts payable are non-interest bearing, are unsecured, and have no specific terms of repayment.

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 years ended September 30, 2019 and 2018, the monthly service fee would range from \$4,000 to \$8,000 commensurate with corporate activity.
-) \$95,000 would be paid as reimbursement for Arrangement spin-out expenses.

During the year ended September 30, 2019, the Company paid or accrued \$60,000 (2018 - \$48,000) to Kona Bay.

The balance due from ACT360 at September 30, 2019 and 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 consists of expenses incurred by Kona Bay on behalf of the Company. The balance due to Kona Bay at September 30, 2017 was the result of issuing the incorporation share to Kona Bay and restructuring costs incurred by Kona Bay on the Company's behalf. During the period ended September 30, 2017, the Company paid \$24,000 to Kona Bay in respect of restructuring costs.

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

Off Balance Sheet Arrangements

To the best of management's knowledge, there are no other off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the company.

Critical Accounting Estimates

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Critical Judgments

Going concern of operations

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

Intangible assets

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

Revenue Recognition

The application of the Company's accounting policy for revenue recognition for customer software development requires judgment in determining the percentage of completion.

Estimates

Allocation of expenses

Kona Bay and ACT360 incur, either directly or indirectly, wages, benefits and other costs on behalf of the Company. Judgement is required in determining the amounts that are allocated to the Company.

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 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.

Accounting Policies

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, 2019 and 2018.

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

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

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

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

A summary of the policies applied to the Company's intangible assets is as follows:

	Customer Relationships – Online Advertising	Online Advertising Leads Database
Useful lives	Finite	Finite

Amortization method used	Amortized on a straight-line basis over three years	Amortized on a straight-line basis over three years
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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 sells marketing information to higher education institutions. Revenues are recorded when the customer accepts the marketing information and 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 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 year.

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 and accounts payable and accrued liabilities. 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 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.

Changes in Accounting Policies

Note 3 to the audited financial statements at September 30, 2018 describes the Company's significant accounting policies, as well as new accounting pronouncements not yet effective. During the year ended September 30, 2019, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged, except as outlined below.

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.

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.

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

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 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.

Financial Instruments

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.

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.

The Company holds balances in United States dollars which could give rise to exposure to foreign exchange risk. The Company did not have any balances in United States dollars as of September 30, 2019. United States Dollar denominated balance as of September 30, 2018 was \$6,548 USD in trade accounts receivable. 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 \$700.

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 during 2019 and as of September 30, 2019.

The Company has gross credit exposure at September 30, 2018 relating to trade accounts receivable of \$8,476. Trade accounts receivable at 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.

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
September 30, 2019				
Bank overdraft	\$ 471	\$ -	\$ -	\$ 471
Accounts payable and accrued liabilities	287,922	-	-	287,922
Due to Kona Bay	143,484	-	-	143,484
Promissory note payable	30,133	4,915	325,000	360,048
	<u>\$ 462,010</u>	<u>\$ 4,915</u>	<u>\$ 325,000</u>	<u>\$ 791,925</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>

Outstanding Share Data

As at September 30, 2019 and the Report Date, the following table summarizes the outstanding share capital of the Company:

	September 30, 2019	Report Date
Common Shares	4,295,398	4,295,398
Stock Options	-	-
Warrants (1)	1,913,330	1,100,000
Total, Fully Diluted	<u>6,208,728</u>	<u>5,395,398</u>

1) Consists of:

- 1,000,000 warrants exercisable at a price of \$0.10 per share until February 21, 2023;
- 813,330 warrants exercisable at a price of \$0.10 per share until November 2, 2019.
- 100,000 warrants exercisable at a price of \$0.10 per share until August 7, 2020.

Risks and Uncertainties

An investment in the Company's shares should be considered highly speculative due to the nature of the Company's business and the present stage of its development. In evaluating the company and its business, the Reader should carefully consider the following risk factors in addition to the other information contained in this management discussion and analysis. These risk factors are not a definitive list of all risk factors associated with the Company. It is believed that these are the factors that could cause actual results to be different from expected and historical results. Investors should not rely upon forward-looking statements as a prediction of future results.

Business Model

The industry in which the Company operates is characterized by rapidly-changing Internet media, evolving industry conditions and standards, and changing user and client demands. Any evaluation of the Company's business and its

prospects must be considered in light of these factors and the risks and uncertainties often encountered by companies in an evolving industry.

Some of these risks and uncertainties relate to the Company's ability to maintain and expand client relationships, sustain and increase the number of visitors to the Company's websites, respond effectively to competition and potential negative effects of competition on profit margins, and respond to government regulations relating to the Internet and personal data protection. If the Company is unable to address these risks, its business, results of operations and prospects could suffer.

Government Regulation of the Internet

The Company's online products and student recruitment services may be subject to various laws relating to internet access, usage, and privacy. New regulations affecting copyright, content, privacy, and the quality and nature of online products and services may negatively affect the Company's planned expansion of its student recruitment services into countries outside of Canada. Changes in the regulatory environment may decrease future demand for its products and services, and increase the cost of doing business. The extent and applicability of laws with respect to the internet are uncertain and may in the future expose the Company to significant liabilities.

Dependence on Internet Search

The Company depends upon Internet search companies to attract a significant portion of the visitors to its websites, and any change in the search companies' search algorithms or perception of the Company could result in its websites being listed less prominently in either paid or algorithmic search result listings, in which case the number of visitors to the Company's websites and our revenue could decline.

The Company depends in significant part on various Internet search companies, such as Google, Microsoft, and Yahoo!, and other search websites to direct a significant number of visitors to its websites so that the Company can provide its online marketing services to its clients. Search websites typically provide two types of search results, algorithmic and paid listings. Algorithmic, or organic, listings are determined and displayed solely by a set of formulas designed by search companies. Paid listings can be purchased and then are displayed if particular words are included in a user's Internet search. Placement in paid listings is generally not determined solely on the bid price, but also takes into account the search engines' assessment of the quality of the website featured in the paid listing and other factors. The Company relies on both algorithmic and paid search results, as well as advertising on other websites, to direct a substantial share of the visitors to its websites.

The Company's ability to maintain the number of visitors to its websites from search websites and other websites is not entirely within its control. For example, Internet search websites frequently revise their algorithms in an attempt to optimize their search result listings or to maintain their internal standards and strategies. Changes in the algorithms could cause the Company's websites to receive less favorable placements, which could reduce the number of users who visit its websites.

In addition, the Company's business model may be deemed similar to those of its competitors and others in the industry that Internet search websites may consider to be unsuitable or unattractive. Internet search websites could deem the Company's content to be unsuitable or below standards or less attractive or worthy than those of other or competing websites. In either such case, the Company's websites may receive less favorable placement in algorithmic or paid listings, or both.

Additionally, the Company may make decisions that are suboptimal regarding the purchase of paid listings which could reduce the number of visitors to its websites or cause the Company to incur additional costs. The Company

may also make decisions that are suboptimal regarding the placement of advertisements on other websites and pricing, which could increase its costs to attract such visitors or cause the Company to incur unnecessary costs. A reduction in the number of visitors to the Company's websites could negatively affect the Company's ability to earn revenue. If visits to the Company's websites decrease, the Company may need to resort to more costly sources to replace lost visitors, and such increased expense could adversely affect the Company's business and profitability.

Dependence on Data Center Providers

The Company relies on Internet bandwidth and data center providers and other third parties for key aspects of the process of providing services to its clients, and any failure or interruption in the services and products provided by these third parties could harm the Company's business. Any financial or other difficulties the Company's providers' face may have negative effects on the Company's business, the nature and extent of which the Company cannot predict. The Company exercises little control over these third-party vendors, which increases the Company's vulnerability to problems with the services they provide. The Company licenses technology and related databases from third parties to facilitate analysis and storage of data and delivery of offerings. The Company has experienced interruptions and delays in service and availability for data centers, bandwidth and other technologies in the past. Any errors, failures, interruptions or delays experienced in connection with these third-party technologies and services could adversely affect the Company's business and could expose it to liabilities to third parties.

Technological Change

The Company operates in business segments that are entirely dependent on technology and the internet. As such, technological change will impact the ability of the Company to expand and grow its business, and will also affect the costs and expenses incurred by the Company, including capital requirements. The online software applications market continues to experience rapid technological change. The Company's products and services rely heavily on Microsoft Windows and Linux platforms. There is a risk that new technologies and standards may render the Company's software applications obsolete. The Company may be required to invest significant capital in new technology and software development to remain competitive. Failure to do so may adversely affect demand for the Company's products and services.

Global Economic Conditions

Global economic conditions could have a negative effect on the Company's business and results of operations. Economic activity throughout much of the world has been volatile. 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 Company in a variety of ways. Access to lines of credit or the capital markets may be severely restricted, which may preclude the Company from raising funds required for operations and to fund continued expansion. It may be more difficult for the Company to complete strategic transaction with third parties. Such developments could decrease the Company's ability to obtain financing and could expose it to risk that one of its customers or banks will be unable to meet their obligations under agreements with them.

Reliance on Key Customers

The Company relies on key customers and B2B relationships. Our ability to maintain our network and attract additional customers will depend on a number of factors, many of which are outside of our control. A significant portion of the Company's revenues have come from three large customers. While the Company is actively seeking to diversify its customer base, the loss of any one of its large customers will result in a material adverse effect on the business and may adversely affect revenues going forward. The Company's clients can generally terminate their contracts at any time, with limited prior notice or penalty. The Company's clients may also reduce their level of business with the Company, leading to lower revenue. The Company expects that a limited number of clients will

continue to account for a significant percentage of the Company's revenue, and the loss of, or material reduction in, their marketing spending with the Company could decrease the Company's revenue and adversely affect the Company's business.

Additional Requirements for Capital

Substantial additional financing may be required if the Company is to be successful at developing its business. No assurances can be given that the Company 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 Company, if at all. If the Company is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion.

Management of Growth

The Company may be subject to growth-related risks including pressure on its internal systems and controls. The Company's ability to manage its 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 Company to deal with this growth could have a material adverse impact on its business, operations and prospects. While management believes that it will have made the necessary investments in infrastructure to process anticipated volume increases in the short term, the Company may experience growth in the number of its employees and the scope of its operating and financial systems, resulting in increased responsibilities for the Company's personnel, the hiring of additional personnel and, in general, higher levels of operating expenses. In order to manage its current operations and any future growth effectively, the Company will also need to continue to implement and improve its operational, financial and management information systems and to hire, train, motivate, manage and retain its employees. There can be no assurance that the Company will be able to manage such growth effectively, that its management, personnel or systems will be adequate to support the Company's operations or that the Company will be able to achieve the increased levels of revenue commensurate with the levels of operating expenses associated with this growth.

Dependence on Management Team

The Company will depend on certain key senior managers to oversee the core marketing, business development, operational and fund raising activities and who have developed key relationships in the industry. Their loss or departure in the short-term would have an adverse effect on the Company's future performance.

Competition

The Company faces competition in the markets in which it operates. Some of the Company's competitors may also be better positioned to develop superior product features and technological innovations and able to better adapt to market trends than the Company. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations. Any decrease in the quality of the Company's products or level of service to customers may adversely affect the business and results of operations.

Exchange Rate

The reporting currency of the Company is the Canadian Dollar. A significant portion of the Company's revenues, however, are remitted in United States Dollars and Great Britain Pounds. Future fluctuations in the value of the

Canadian Dollar relative to these currencies will likely have a material impact on the Company's overall financial results. Appreciation of the Canadian dollar will decrease revenues and increase expenses.

Smaller Companies

Market perception of junior companies may change, potentially affecting the value of investors' holdings and the ability of the Company to raise further funds through the issue of further Common Shares or otherwise. The share price of publicly traded smaller companies can be highly volatile. The value of the Common Shares may be subject to sudden and large falls in value given the restricted marketability of the Common Shares.

Events Subsequent to the Reporting Date

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