

HAPUNA VENTURES INC.

UNAUDITED CONDENSED INTERIM FINANCIAL STATEMENTS

(Prepared by Management)

NINE-MONTH PERIOD ENDED JUNE 30, 2020

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, 2020**(Expressed in Canadian dollars)

	Note	June 30, 2020	September 30, 2019
Assets			
Current Assets			
Cash and cash equivalents		\$ 2,397	\$ -
Accounts receivable	4	2,187	9,144
Due from ACT360	9	44,238	40,670
		<u>48,822</u>	<u>49,814</u>
Customer lists and intangible assets	5	1	1
		<u>\$ 48,823</u>	<u>\$ 49,815</u>
Liabilities			
Current Liabilities			
Bank indebtedness		\$ -	\$ 471
Accounts payable and accrued liabilities		435,463	287,922
Shareholder loan	9	12,800	-
Due to Kona Bay	9	204,159	143,484
		<u>652,422</u>	<u>431,877</u>
Promisory note payable	6	374,686	360,048
		<u>1,027,108</u>	<u>791,925</u>
Shareholders' Equity			
Share Capital	7	269,997	269,997
Deficit		(1,248,282)	(1,012,107)
		<u>(978,285)</u>	<u>(742,110)</u>
Total Equity (Deficiency)		<u>(978,285)</u>	<u>(742,110)</u>
Total Liabilities and Shareholders' Equity		<u>\$ 48,823</u>	<u>\$ 49,815</u>

APPROVED ON BEHALF OF THE BOARD OF DIRECTORS ON AUGUST 28, 2020

"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 NINE-MONTH PERIOD ENDED JUNE 30, 2020 AND 2019**(Expressed in Canadian dollars)

	Note	Three Month Period ended June 30, 2020	Three Month Period ended June 30, 2019	Nine Month Period ended June 30, 2020	Nine Month Period ended June 30, 2019
Sales		\$ 8,606	\$ 2,501	\$ 34,965	\$ 33,727
Expenses					
Accounting and legal	9	\$ 7,241	\$ 26,524	\$ 25,150	\$ 42,674
Advertising and promotion		5,476	-	26,204	-
Consulting	9, 10	30,000	60,000	150,000	180,000
Interest expense	6	4,935	9,711	14,981	14,586
Management fees	9	15,000	15,000	45,000	45,000
Regulator and filing fees		50	2,657	4,729	8,485
Selling office and general		27	14,929	181	47,246
Wages and benefits	9	544	(7,610)	4,895	13,391
		<u>63,273</u>	<u>121,211</u>	<u>271,140</u>	<u>351,382</u>
Net and comprehensive income (loss) for the period		<u>\$ (54,667)</u>	<u>\$ (118,710)</u>	<u>\$ (236,175)</u>	<u>\$ (317,655)</u>
Earnings (loss) per share		<u>\$ (0.01)</u>	<u>\$ (0.03)</u>	<u>\$ (0.05)</u>	<u>\$ (0.08)</u>
Weighted average number of common shares outstanding		<u>4,295,398</u>	<u>4,195,398</u>	<u>4,295,398</u>	<u>4,040,478</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 PERIOD ENDED JUNE 30, 2020 AND 2019**(Expressed in Canadian dollars)

	2020	2019
Operating Activities		
Net income (loss) for the period	\$ (236,175)	\$ (317,655)
Items not involving cash		
Interest on note payable	14,638	14,586
Changes in assets and liabilities		
Accounts receivable	6,957	(4,586)
Due to related parties	42,107	53,452
Accounts payable and accrued liabilities	162,541	208,023
Cash used in operating activities - continuing operations	<u>(9,932)</u>	<u>(46,180)</u>
Financing Activities		
Shareholder loans	12,800	-
Share subscriptions	-	(50,000)
Issuance of common stock	-	81,333
Cash provided by financing activities	<u>12,800</u>	<u>31,333</u>
Net change in cash and cash equivalents	2,868	(14,847)
Cash and cash equivalents (bank indebtedness), beginning balance	<u>(471)</u>	<u>13,431</u>
Cash and cash equivalents (bank indebtedness), ending balance	<u>\$ 2,397</u>	<u>\$ (1,416)</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 PERIOD ENDED JUNE 30, 2020 AND 2019**(Expressed in Canadian dollars)

	Share Capital				Total Shareholders' Equity
	Number of Shares	Amount	Share subscriptions	Deficit	
Balance at September 30, 2018	3,382,068	\$ 179,501	\$ 60,000	\$ (614,615)	(375,114)
Private placement	813,330	81,333	(50,000)	-	31,333
Loss for the period	-	-	-	(317,654)	(317,654)
Balance at June 30, 2019	4,195,398	\$ 260,834	\$ 10,000	\$ (932,269)	(661,435)
Private placement	100,000	10,000	(10,000)	-	-
Share issuance costs	-	(837)	-	-	(837)
Loss for the period	-	-	-	(79,838)	(79,838)
Balance at September 30, 2019	4,295,398	\$ 269,997	\$ -	\$ (1,012,107)	(742,110)
Loss for the period	-	-	-	(236,175)	(236,175)
Balance at June 30, 2020	4,295,398	\$ 269,997	\$ -	\$ (1,248,282)	(978,285)

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 PERIOD ENDED JUNE 30, 2020

(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 December 13, 2017, the POA closed and the online advertising assets were transferred to the Company by Kona Bay and ACT360. 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 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 \$1,248,282 since inception. The continuing operations of the Company are dependent upon obtaining, in the short term, the necessary financing to meet the Company's operating commitments as they come due and generating profitable operations in the future. These conditions indicate the existence of material uncertainty which casts significant doubt about the Company's ability to continue as a going concern. Failure to continue as a going concern would require that assets and liabilities be recorded at their liquidation values, which might differ significantly from their carrying values.

2. BASIS OF PREPARATION

a) Statement of compliance

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

b) Basis of Measurement

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are set out in annual audited financial statements of the Company as at September 30, 2019.

c) Presentation and Functional Currency

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

HAPUNA VENTURES INC.

NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS

FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2020

(Expressed in Canadian dollars)

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, 2019, 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, 2020 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, 2019, which are also incorporated herein by reference.

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

Recent Accounting Pronouncements

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, 2020	September 30, 2019
Trade accounts receivable	\$ -	\$ -
Recoverable goods and services / harmonized sales tax	2,187	9,144
	<u>\$ 2,187</u>	<u>\$ 9,144</u>

HAPUNA VENTURES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2020

(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, 2019	\$ -	\$ 1	\$ 1
June 30, 2020	\$ -	\$ 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 year ended September 30, 2019 and nine-month period ended June 30, 2020. See Note 6.

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2020**

(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, 2020	September 30, 2019
Principal	\$ 325,000	\$ 325,000
Accrued interest	49,686	35,048
Total	\$ 374,686	\$ 360,048

At September 30, 2019, the fair value of the promissory note payable was approximately \$358,000 (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, 2020, there were no changes to the Company's share capital.

During the year period ended September 30, 2019, the Company completed 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.

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, 2019	1,913,330	\$ 0.10
Expired on November 2, 2019	(813,330)	\$ 0.10
Outstanding, June 30, 2020	1,100,000	\$ 0.10

HAPUNA VENTURES INC.
NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2020

(Expressed in Canadian dollars)

8. WARRANTS (continued)

The following table summarizes information about warrants outstanding at June 30, 2020:

<u>Expiry Date</u>	<u>Exercise Price</u>	
	<u>Per Share</u>	<u>Outstanding</u>
February 21, 2023	\$0.10	1,000,000
August 7, 2020	\$0.10	100,000
		<u>1,100,000</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, 2020 and 2019:

	<u>Three-month period ended</u>		<u>Nine-month period ended</u>	
	<u>June 30,</u>		<u>June 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Consulting fees	\$ 15,000	\$ 68,049	\$ 75,000	\$ 90,000
Management salary	43	1,166	2,496	3,387
Professional fees	4,500	10,500	13,500	13,000
	<u>\$ 19,543</u>	<u>\$ 79,715</u>	<u>\$ 90,996</u>	<u>\$ 106,387</u>

- Consulting and management fees of \$75,000 (2019 - \$90,000) were paid or accrued to a director.
- Management salary of \$2,496 (2019 - \$3,387) was allocated by ACT360 with respect to the Company's VP of Development.
- Professional fees of \$10,500 (2019 - \$13,000) were allocated by ACT360 with respect to the Company's Chief Financial Officer of the Company.

As at June 30, 2020 and September 30, 2019, \$204,750 and \$126,000 respectively were owing to key management personnel for fees and expenses and the amounts were included in accounts payable. As at June 30, 2020 the same key management personnel advanced \$12,800 (September 30, 2019 - \$Nil) to the Company as a shareholder loan. 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;
- The MASA terminated on September 30, 2019. The arrangement is currently in effect on a month-to-month basis;
- For the nine-month period ended June 30, 2020 and year ended September 30, 2019, 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.

9. RELATED PARTY TRANSACTIONS (continued)

During the nine-month period ended June 30, 2020, the Company paid or accrued \$45,000 (June 30, 2019 - \$45,000) to Kona Bay.

The balance due from ACT360 at June 30, 2020 and September 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.

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

10. COMMITMENT

On December 15, 2017, the Company entered into a Consulting Agreement (the "CA") with a consultant for the purpose of serving as the Company's special projects advisor to assist the CEO with corporate development, M&A and finance as the Company executes its growth by acquisition program. Pursuant to the CA:

- The Company will pay a monthly retainer to be mutually agreed upon; and
- Either party may terminate the CA with 30 days written notice.

During the period ended June 30, 2020, the Company incurred \$75,000 (2019 - \$90,000) in consulting fees.

11. CAPITAL MANAGEMENT

The Company's capital currently consists of common shares of \$269,997. 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, 2020, the Company had a working capital deficiency of \$588,600 (September 30, 2019 – deficiency of \$382,063) and requires additional capital. Management expects to raise such additional capital during the current fiscal year.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

- Market Risk
- Credit Risk
- Liquidity Risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the Company's objectives, policies, and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

General Objectives, Policies, and Processes

The Board of Directors has overall responsibility for the determination of the Company's risk management objectives and policies and, while retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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 United States dollars or United States dollar denominated balances as of June 30, 2020.

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 Company has no trade accounts receivable at June 30, 2020. The Company considers this risk to be minimal during period ended and as of June 30, 2020.

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.

HAPUNA VENTURES INC.**NOTES TO THE UNAUDITED INTERIM FINANCIAL STATEMENTS****FOR THE NINE-MONTH PERIOD ENDED JUNE 30, 2020**

(Expressed in Canadian dollars)

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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, 2020				
Accounts payable and accrued liabilities	\$ 435,463	\$ -	\$ -	\$ 435,463
Shareholder loan	12,800	-	-	12,800
Due to Kona Bay	204,159	-	-	204,159
Promissory note payable	4,862	-	369,824	374,686
	<u>\$ 657,284</u>	<u>\$ -</u>	<u>\$ 369,824</u>	<u>\$ 1,027,108</u>
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>

13. EVENTS AFTER THE REPORTING PERIOD

The Company has evaluated its activities subsequent to June 30, 2020 and has determined that there are no material events to be reported.