BEXAR VENTURES INC.

Management Discussion and Analysis
of
Financial Position and Results of Operations
for the
Three-month period ended December 31, 2020

This report is dated February 24, 2021.
(The "Report Date")

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Introduction

The following information should be read in conjunction with the unaudited condensed interim financial statements for the three-month period ended December 31, 2020 and the audited annual financial statements of Bexar Ventures Inc. ("Bexar" or the "Company") for the year ended September 30, 2020.

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

Note 3 to the audited financial statements at September 30, 2020 describes the Company's significant accounting policies, as well as new accounting pronouncements not yet effective. During the year ended September 30, 2020, 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 the unaudited condensed interim financial statements for the three-month period ended December 31, 2020 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: 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

Bexar Ventures Inc. (the "Company") was incorporated under the provisions of the Company Act of British Columbia on February 1, 2017, as a wholly owned subsidiary of Kona Bay Technologies Inc. ("Kona Bay").

On December 13, 2017, Kona Bay completed its reorganization, and the Company became a reporting issuer. On March 27, 2018, the Company obtained a listing on the Canadian Stock Exchange under the symbol "BXV".

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

Description of the Business

Bexar is a technology company specializing in selling software-as-a-service business services ("SAAS") to corporate customers. The Company specializes in online testing platforms for training and high-stakes applications. Bexar designs, develops, and manages an online testing platform for higher education clients with multiple campus locations and complex requirements. The testing platform is highly flexible and supports a wide range of question content types incorporating multimedia elements for reading, writing, speaking, and listening assessments. Higher education clients use the platform to deliver practice tests, high-stakes assessments, and professional training.

Potential impact of the Pandemic on Corporate Operations and Activities

The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

As at the date of this report, the Company has not been significantly impacted by the spread of COVID-19. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Company for future periods.

Changes in Directors and Management

There were no changes in directors or management during the period.

Results of Operations

During the three-month period ended December 31, 2020, the Company had revenues of $110,441 (2019 - $139,513), and operating expenses of $94,637 (2019 - $150,721). During Q1 2021, the Company recognized a gain of $128,179 on the settlement of the note payable and net related party payables (2019 - $nil). Accordingly, the comprehensive gain was $143,983 (2019 – a loss of $11,208).

Revenues declined during the three-month period due to a decline in custom software development as no new client projects were booked during the current quarter. Hosting services remained constant.

The most significant elements of the Company's expenses are:

- Accounting and legal expenses were $9,363 (2019 - $5,772) as a result of higher legal expenses related to the Company's annual general meeting completed during the current quarter;
- Consulting expenses of $45,000 (2019 - $60,000) reflect contracts in place during both periods as the Company continues to review business proposals related to potential acquisitions;
- Corporate development expenses of $1,237 (2019 - $1,762) are timing and activity related, reflecting similar activities and expenses as consulting above;
- Depreciation of $151 (2019 - $nil) was recorded in in the current quarter due to assets acquired during the prior year;

- A foreign exchange loss of $1,729 (2019 - $1,345) was recognized during the periods based on the timing and currency of client receipts;
- Interest expense of $790 (2019 - $1,276) was recorded on the promissory note issued to acquire the business of the Company, prior to the write off of the note upon settlement;
- Management fees of $nil (2019 - $18,000) were recorded for services rendered by Kona Bay, the former parent company in 2019. No fees were recognized this quarter as the agreement has been terminated;
- Regulatory and filing fees of $5,260 (2019 - $2,687) were incurred as part of maintaining a listing on a stock exchange, with increased expenses related to the completion of the Company's annual general meeting during the current quarter;
- Selling, office and general expenses were $976 (2019 - $3,882) and were incurred to run the operations of the Company and were lower as a result of cost reductions made during the current quarter; and
- Wages and benefits were $30,131 (2019 - $56,047) reflecting a change in contract and employee compensation to carry on the operations of the Company which is directly related to revenues where were lower during the current quarter.

Summary of Quarterly Results (Unaudited)

	Fiscal 2021	Fiscal 2020		
	Q1 Dec. 31, 2020	Q4 Sept. 30, 2020	Q3 June 30, 2020	Q2 Mar. 31, 2020
Sales	110,441	97,011	94,065	141,790
Expenses	(94,637)	(130,728)	(132,887)	(161,811)
Net income (loss)	143,983	(33,717)	(38,822)	(20,021)
Comprehensive income (loss)	143,983	(33,717)	(38,822)	(20,021)
Income (loss) per share	0.02	(0.00)	(0.01)	(0.00)
Total Assets	60,349	48,050	81,603	97,111
Working capital (deficiency)	(201,128)	(345,262)	(229,484)	(189,865)

	Fiscal 2020	Fiscal 2019		
	Q1 Dec. 31, 2019	Q4 Sept. 30, 2019	Q3 June 30, 2019	Q2 Mar. 31, 2019
Sales	139,513	55,098	70,982	93,355
Expenses	(150,721)	(121,798)	(168,268)	(150,630)
Net income (loss)	(11,208)	(66,700)	(97,286)	(57,275)
Comprehensive income (loss)	(11,208)	(60,761)	(100,225)	(60,275)
Income (loss) per share	(0.00)	(0.01)	(0.01)	(0.01)
Total Assets	183,019	51,369	115,809	224,456
Working capital	(169,396)	(154,413)	(916)	136,931

Selected Annual Information

The following table summarizes selected audited financial information of the Company for the fiscal years ended September 30, 2020, 2019, and 2018. The information should be read in conjunction with the Company's audited annual financial statements and related notes.

	Year ended 09/30/2020 (audited)	Year ended 09/30/2019 (audited)	Year ended 09/30/2018 (audited)
Statement of operation			
Revenue	472,379	312,195	336,198
Operating Expenses	576,147	614,207	430,880
Other Items	-	-	(248,874)
Net Loss	(103,768)	(302,012)	(343,556)
Financial Position			
Current Assets	25,291	51,368	141,470
Total Assets	26,650	51,369	141,471
Total Liabilities	(370,553)	(291,504)	(242,423)
Shareholders' Deficiency	(343,903)	(240,135)	(100,952)

Year ended September 30, 2020

During the year ended September 30, 2020, the Company had revenues of $472,379 (2019 - $312,195), and operating expenses of $576,147 (2019: $614,207). Accordingly, the loss from operations and comprehensive loss was $103,768 (2019: $302,012). Custom software development revenues increased to $280,238 from $115,974 in 2019, while hosting revenues decreased slightly to $192,141 from $196,221 in 2019.

Year ended September 30, 2019

During the year ended September 30, 2019, the Company had revenues of $312,195 (2018 - $336,198), and operating expenses of $614,207 (2018: $430,880). Accordingly, the loss from operations was $302,012 (2018: $94,682). The comprehensive loss was $302,012 (2018: $343,556). Custom software development revenues declined to $115,974 from $168,800 in 2018, while hosting revenues increased to $196,221 in 2019 compared to $167,398.

Year ended September 30, 2018

During the year ended September 30, 2018, the Company had revenues of $336,198 (2017: $31,632), and operating expenses of $430,880 (2017: $30,289). Accordingly, the loss from operations was $248,874 (2017: $51,440). The intangible assets acquired from Kona Bay were written down to $1 from their acquisition cost of $200,000 due to the general reduction in revenues during the year and uncertainty surrounding future revenues for the client base. The comprehensive loss was $343,556 (2017: $50,097).

Financing Activities

On February 12, 2021, the Company announced the closing of a private placement of 5,000,000 Units (the "Units") at a price of $0.02 per Unit for gross proceeds of $100,000 (the "Offering"). Each Unit is comprised of one common share of the Company (a "Share") and one Share purchase warrant (a "Warrant") entitling the holder to purchase one additional Share at $0.05 per Share for a period of five years from the date of the issue. The Company intends to use the proceeds of the Offering for general working capital. The securities issued under the Offering will be subject to a restriction on resale for a period of four months from the date of issue.

As of November 15, 2020, the Company and Kona Bay entered into a debt settlement agreement and a mutual release agreement whereby the outstanding principal and interest of its loan of $84,036 was forgiven (Note 10). The Company had previously held a promissory note in the principal amount of $200,000 with a maturity date of December 13, 2020. Interest was calculated at 6% per annum from the date of issue, payable on a semi-annual basis commencing on June 13, 2018. The amount payable consisted of the following:

	Principal	Accrued interest	Total
September 30, 2019	81,000	4,723	85,723
Repayments	(5,000)	(2,159)	(7,159)
Accrued interest	-	4,873	4,873
September 30, 2020	76,000	7,437	83,437
Accrued interest	-	599	599
Forgiveness of debt (Note 10)	(76,000)	(8,036)	(84,036)
September 30, 2020	**$ -**	**$ -**	**$ -**

During the year ended September 30, 2020, there were no changes to the Company's share capital.

Liquidity and Capital Resources

The Company's aggregate operating, investing and financing activities for the three-month period ended December 31, 2020 resulted in a cash decrease of $249 (Year ended September 30, 2020: $240). As at December 31, 2020, the Company's cash balance was $904 (September 30, 2020: $1,153) and the Company had a working capital deficit of $201,128 (September 30, 2020: $345,262).

During the three-month period ended December 31, 2020, the Company paid $nil (year ended September 30, 2020 - $1,811) to acquire equipment. No other capital expenditures were incurred.

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 quarters ended December 31, 2029 and 2019:

		December 31, 2020	December 31, 2019
Management salary	(a)	$ 9,158	$ 15,096
Consulting fees	(b)	22,500	30,000
Accounting fees	(c)	4,500	4,500
		$ 36,158	$ 49,596

(a) Management salary of $9,158 (2019 - $15,096) was allocated by ACT360 with respect to the Company's VP of Development.

(b) Consulting fees of $22,500 (2019 - $30,000) were paid or accrued to a director of the Company.

(c) Accounting fees of $4,500 (2019 - $4,500) were paid or accrued to a company controlled by the Chief Financial Officer of the Company.

As at December 31, 2020, $137,625 (September 30, 2020- $119,000) 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. During the quarter ended December 31, 2020, the Company paid or accrued $Nil (2019 - $18,000) to Kona Bay under the MASA. The balances due to Kona Bay at December 31, 2020 of $13,499 (September 30, 2020 - $14,175) consists of expenses incurred by Kona Bay on behalf of the Company. The balance due at December 31, 2020 of $30,644 (September 30, 2020 - $13,978) relate to net expenses incurred by a subsidiary on the Company's behalf.

As of November 15, 2020, the Company and Kona Bay entered into a debt settlement agreement whereby the outstanding principal and interest of its loan of $83,437 and outstanding accounts payable of $13,978 and $14,175 were forgiven (Note 7). A gain on debt settlement of $111,590 was recognized on the transaction. At the same time, the Company and Kona Bay also entered into a mutual release agreement whereby the companies finally and irrevocably mutually released each other from all liabilities to each other and as a result the remaining interest of the Company's loan of $599, accounts payable of $16,666 and accounts receivable of $676 due from Kona Bay were forgiven and settled for $1.

A shareholder's loan of $10,000 was advanced by a director of the Company as of September 30, 2019. It was fully repaid during the quarter ended December 31, 2019. The shareholder's loan was unsecured, non-interest bearing and had no specific terms of repayment. No shareholder's loan was made during the quarter ended December 31, 2020.

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 judgement in determining the percentage of completion.

Deferred income taxes

The determination of deferred income tax assets or liabilities requires subjective assumptions regarding future income tax rates and the likelihood of utilizing tax carry forwards. Changes in these assumptions could materially affect the recorded amounts, and therefore do not necessarily provide certainty as to their recorded values.

Expected credit losses

When determining expected credit losses (“ECLs”), the Company considers the historic credit losses observed by the Company, customer-specific payment history and economic conditions.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL’s, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience, informed credit assessment ad forward-looking information.

Estimates

Allocation of expenses

Kona Bay incurs, 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.

Useful life of tangible and intangible assets

Depreciation rates and terms applied to tangible and intangible assets are dependent on estimates of useful lives based on management’s past experience and similar rates applied in the industry.

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. Revenues and expenses are translated at the exchange rates prevailing on the dates of the transactions. Exchange gains and losses arising on translation are included in profit or loss.

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 December 31, 2020 and 2019.

Equipment - Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using the straight-line method over the estimated useful lives as follows:

Computer equipment	33%

Subsequent expenditures relating to an item of equipment are capitalized when it is probable that future economic benefits from the use of the assets will be increased. All other subsequent expenditures are recognized as repairs and maintenance expense.

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 – Software Development
Useful lives	Finite
Amortization method used	Amortized on a straight-line basis over three years

Impairment of non-financial assets - At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in profit or loss for the period. For an asset that does not generate largely independent cash flows, the recoverable amount is determined for the cash generating unit ("CGU") to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Private placement units – The Company has adopted a residual value method with respect to the measurement of shares and warrants issued as private placement units. The residual value method first allocates the value to the more easily measurable component based on fair value and then the residual value, if any, to the less measurable component. The Company considers the fair value of common shares issued in a unit private placement to be the more easily measurable component. The balance, if any, is allocated to the attached warrants. Any fair value attributed to the warrants is recorded as reserves.

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 - Income tax expense comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity. Current tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

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 develops and host software products for customers. These services typically result in a single deliverable product, albeit the client may specify deliverables in stages. The Company may request a deposit if the deliverables are material and will recognize revenue when the deliverables are completed in agreement with the client. Revenues from the development of custom software products is recognized by the stage of completion of the arrangement determined using the percentage of completion method based on the number of hours required for each feature or as such services are performed as appropriate in the circumstances. The revenue and profit of contracts is recognized on a percentage of completion basis when the outcome of a contract can be estimated reliably. When the outcome of the contract cannot be estimated reliable, the amount of revenue recognized is limited to the cost incurred in the period. Losses on contracts are recognized as soon as a loss is foreseen by reference to the estimated costs of completion. Hosting revenues are recognized over the term of the hosting service at the end of each month, if collection is probable. Unearned revenues are recognized when hosting revenues are paid in advance of the monthly services being performed and when the Company receives a deposit in advance for a custom software product. As at December 31, 2020 and 2019, the Company does not have any unbilled receivables.

Share-based payments - The Company records all share-based payments at their fair value. Share-based payments to employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured and are recorded at the date the goods or services are received. The corresponding amount is charged to reserves. The Company uses the Black-Scholes option pricing model to estimate the fair value of share-based payments. The share-based payments costs are charged to operations over the option's or warrant's 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 or warrants 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 initially recognized in reserves.

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.

Financial instruments - 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, due to ACT 360, due to Kona Bay, shareholder's loan, and promissory note payable, 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 would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in profit or loss.

Changes in Accounting Policies

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, 2020, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

Application of new and revised accounting standards effective October 1, 2019

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.

Effective October 1, 2019, the Company adopted IFRS 16. The Company went through the process and did not identify any contracts that might be relevant under the new standard and the Company determined that the adoption of this standard did not have a significant impact on its financial statements.

Recent accounting pronouncements not yet adopted

IAS 37 – Onerous Contracts – Cost of fulfilling a contract: The IASB developed amendments to IAS 37 to clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts. The amendments are effective for annual periods beginning on or after January 1, 2022 with early adoption being permitted. The Company has not early adopted the standard and is currently evaluating the impact the standard may have on its financial statements.

Financial Instruments

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

- Market Risk
- Credit Risk
- Liquidity Risk

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

General Objectives, Policies, and Processes

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

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details regarding these policies are set out below.

Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices are comprised of four types of risk: foreign currency risk, interest rate risk, commodity price risk and equity price risk.

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 $4,388, as detailed below:

United States Dollar Denominated Balances		**December 31, 2020**		**September 30, 2020**
Trade accounts receivable	$	34,350	$	14,750
10% change in exchange rate impact	**$**	**4,388**	**$**	**1,974**

Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Financial instruments which are potentially subject to credit risk for the Company consist primarily of cash and cash equivalents and trade accounts receivable. Cash and cash equivalents are maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at December 31, 2020 relating to cash and cash equivalents of $904 (September 30, 2020: $1,153) held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all cash and cash equivalent assets based on changes that are reasonably possible at the reporting date.

The Company has gross credit exposure at December 31, 2020 relating to trade accounts receivable of $34,350 in USD (September 30, 2020: $14,750 in USD). Trade accounts receivable at December 31, 2020 and September 30, 2020, 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 meets its financial obligations as they become due. The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. They key to success in managing liquidity is the degree of certainty in the cash flow projections. If future cash flows are fairly uncertain, the liquidity risk increases.

The Company's objective is to ensure that it has sufficient cash on demand to meet expected operational expenses. To achieve this objective, the Company will prepare annual capital expenditure budgets which will be regularly monitored and updated as necessary.

The Company monitors its risk of shortage of funds by monitoring the maturity dates of existing trade and other accounts payable. The following table sets out the contractual maturities (representing undiscounted contractual cash flows) of financial liabilities:

	Up to 3 months	Between 3 & 12 months	Between 1 & 3 years	Total
December 31, 2020				
Accounts payable and accrued liabilities	$ 260,269	$ -	$ -	$ 260,269
	$ 260,269	$ -	$ -	$ 260,269
September 30, 2020				
Accounts payable and accrued liabilities	$ 231,683	$ -	$ -	$ 231,683
Due to ACT360	13,978	-	-	13,978
Due to Kona Bay	14,175	-	-	14,175
Promissory note payable	83,437	-	-	83,437
	$ 343,273	$ -	$ -	$ 343,273

Outstanding Share Data

As at December 31, 2020, the following table summarizes the outstanding share capital of the Company:

	December 31, 2020	Report Date
Common Shares	6,993,931	11,993,931
Stock Options	-	-
Warrants (1)	2,950,000	7,950,000
Total, Fully Diluted	**9,943,931**	**19,943,931**

1) Consists of:
   - 2,400,000 warrants exercisable at a price of $0.10 per share until February 28, 2023
   - 550,000 warrants exercisable at a price of $0.10 per share until July 23, 2023
   - 5,000,000 warrants exercisable at a price of $0.05 per share until February 12, 2026.

Risks and Uncertainties

An investment in the Company' 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.

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. 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. 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 December 31, 2020 and has determined that there are no material events to be reported.