BEXAR VENTURES INC.

Management Discussion and Analysis
of
Financial Position and Results of Operations
for the
Nine-month period ended
June 30, 2021

This report is dated September 2, 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 nine-month period ended June 30, 2021 and the audited annual financial statements of Bexar Ventures Inc. ("Bexar" or the "Company") for the year ended September 30, 2020.

This Management's Discussion and Analysis is intended to supplement and complement the unaudited condensed interim financial statements for the nine-month period ended June 30, 2021 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.

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 nine months ended June 30 ,2021, 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

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: 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 was incorporated under the provisions of the *Business Corporations 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 Securities Exchange under the symbol "BXV".

The address of the Company's corporate office and its principal place of business is 1500 – 777 Hornby Street, Vancouver, BC, V6Z 1S4.

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 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.

On May 31, 2021 the Company entered into a letter of intent with Immutable Holdings Inc. ("IMI") which contemplates Bexar acquiring IMI through a reverse takeover. Should that transaction close, Bexar will be disposing of its existing technology business, and the business of IMI will become the new business of Bexar. See "Proposed RTO" below.

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 and Proposed RTO

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

On June 2, 2021, the Company announced it had entered into a letter of intent dated effective May 31, 2021 (the "LOI") with Immutable Holdings Inc. ("IMI"), a privately held Delaware corporation. The LOI sets out the general terms and conditions pursuant to which Bexar has agreed to acquire all of the issued and outstanding securities of IMI in exchange for securities of Bexar (the "Transaction"). The Transaction will result in the reverse takeover of Bexar by IMI.

Upon execution of the LOI, the Company received a non-refundable deposit and expense advance in the amount of US$50,000 ($60,835). The deposit is presented in the financial statements as a liability of the Company until such time as the acquisition is completed or terminated.

IMI is a full-service blockchain holding company that builds and buys businesses in the blockchain space. IMI intends to capitalize on market opportunities made possible by the ongoing innovation and evolution of the digital asset market through the following business lines: NFT.com, Immutable Asset Management, CBDC.com, HBAR Labs, 1800Bitcoin and Immutable Advisory.

Prior to the closing of the Transaction, IMI expects to complete a private placement financing of subscription receipts to raise gross proceeds of up to $6,250,000 (the "Private Placement"), on terms to be determined. The Private Placement will be led by Stifel GMP on behalf of a syndicate of agents.

A description of IMI and the terms of the Transaction may be found in the Company's news release dated June 2, 2021.

Closing of the Transaction with IMI remains subject to a number of conditions, many of which are beyond the control of Bexar. As such, there is no assurance that the Transaction will close on the basis as presented, or at all.

Results of Operations

During the three and nine-month period ended June 30, 2021, the Company had revenues of $38,786 (Year-to-date ("YTD"): $150,675) (2020 - $94,065 and $375,368, respectively), and operating expenses of $57,000 (YTD: $230,485) (2020 - $132,887 and $445,419). The comprehensive loss was $135,714 (YTD: $69,131) (2020 – a loss of $38,822 and $70,051).

Revenues declined during the three and nine-month period due to a significant decline in custom software development as no new client projects were initiated during the current quarter. Hosting services also declined significantly compared to prior year quarter.

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

- Accounting and legal expenses were $7,269 (YTD: $32,019) (2020 - $8,075 and $30,644) and were comparable over the periods;
- Consulting expenses of $40,000 (YTD: $130,000) (2020 - $60,000 and $180,000) reflect contracts in place during both periods as the Company continues to review business proposals related to potential acquisitions;
- Corporate development expenses of $nil (YTD: $1,237) (2020 - $3,052 and $6,051) are timing and activity related, reflecting similar activities and expenses as consulting above;
- Depreciation of $151 (YTD: $453) (2020 - $151 and $302) was recorded in in the quarter due to assets acquired during the prior year;
- A foreign exchange loss of $769 (YTD: $3,168) (2020 – a gain of $1,815 and $3,714) was recognized during the periods based on the timing and currency of client receipts;
- Interest expense of $nil (YTD: $790) (2020 - $1,211 and $3,699) 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 (2020 - $18,000 and $54,000) were recorded for services rendered by Kona Bay, the former parent company. No fees were recognized this quarter as the agreement has been terminated;
- Regulatory and filing fees of $3,085 (YTD: $14,298) (2020 - $3,116 and $19,044) were incurred as part of maintaining the Company's public listing;
- Selling, office and general expenses were $5,726 (YTD: $18,389) (2020 - $1,156 and $6,529) and were incurred to run the operations of the Company and were higher as a result of cost allocations and adjustments made during the current quarter. These expenses include primarily internet, server and telephone expenses;
- Wages and benefits were $nil (YTD: $30,131) (2020 - $39,941 and $148,864) reflecting a change in contract and employee compensation to carry on the operations of the Company. With the decline of the Company's software development business and uncertainty going forward with existing clients, the Company implemented staffing cost reductions during the quarter;

- A gain on settlement of debt of $18,179 in connection with the settlement of the outstanding principal of Kona Bay's loan of $84,036 and accounts payable due to related parties of $44,143 , in exchange for a cash payment of $110,000; and
- A subscription in the shares of a technology company of $7,500 (2020: $nil) was written down in the current quarter as that company did not complete a financing and was uncertain as to its prospects.

Summary of Quarterly Results (Unaudited)

	Fiscal 2021			Fiscal 2020
	Q3 Jun. 30, 2021	**Q2 Mar. 31, 2021**	**Q1 Dec. 31, 2020**	**Q4 Sept. 30, 2020**
Sales	38,786	1,448	110,441	97,011
Expenses	(57,000)	(78,848)	(94,637)	(130,728)
Net income (loss)	(135,714)	(77,400)	143,983	(33,717)
Comprehensive income (loss)	(135,714)	(77,400)	143,983	(33,717)
Income (loss) per share	(0.01)	(0.01)	0.02	(0.00)
Total Assets	74,558	44,134	60,349	26,650
Working capital (deficiency)	(137,362)	(181,799)	(201,128)	(345,262)

	Fiscal 2020			Fiscal 2019
	Q3 June 30, 2020	**Q2 Mar. 31, 2020**	**Q1 Dec. 31, 2019**	**Q4 Sept. 30, 2019**
Sales	94,065	141,790	139,513	55,098
Expenses	(132,887)	(162,005)	(150,527)	(121,798)
Net income (loss)	(38,822)	(20,215)	(11,208)	(66,700)
Comprehensive income (loss)	(38,822)	(20,215)	(11,208)	(60,761)
Income (loss) per share	(0.01)	(0.00)	(0.00)	(0.01)
Total Assets	81,603	97,111	183,019	51,369
Working capital	(229,484)	(189,865)	(169,396)	(154,413)

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 is using use the proceeds of the Offering for general working capital. The securities issued under the Offering were subject to a restriction on resale for a period of four months from the date of issue.

As noted above, on June 2, 2021, the Company entered into a letter of intent dated effective May 31, 2021 (the "LOI") with IMI, a privately held Delaware corporation. Upon execution of the LOI, the Company received a non-refundable deposit and expense advance in the amount of US$50,000. The deposit is presented in the financial statements as a liability of the Company until such time as the acquisition is completed or terminated. See Corporate Activities above.

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 nine-month period ended June 30, 2021 resulted in a cash increase of $69,503 (Year ended September 30, 2020: $240). As at June 30, 2021, the Company's cash balance was $70,656 (September 30, 2020: $1,153) and the Company had a working capital deficit of $137,362 (September 30, 2020: $345,262).

During the nine-month period ended June 30, 2021, the Company paid $nil (year ended September 30, 2020 - $1,810) 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 June 30, 2021 and 2020:

		Three-month period ended June 30,		Nine-month period ended June 30,	
		2021	**2020**	**2021**	**2020**
Management salary	(a)	$ -	$ 10,479	$ 9,158	$ 43,073
Consulting fees	(b)	15,000	30,000	60,000	90,000
Professional fees	(c)	6,000	4,500	15,000	13,500
		$ 21,000	$ 44,979	$ 84,158	$ 146,573

(a) Management salary of $9,158 (2020 - $43,073) was allocated by ACT360 to Bexar with respect to ACT360's VP of Development, Radames Bernath.

(b) Consulting fees of $60,000 (2020 - $90,000) were paid or accrued to Vincent Wong, a director of the Company.

(c) Professional fees of $15,000 (2020 - $13,500) were paid or accrued to a company controlled by Charles Jenkins, the Chief Financial Officer of the Company.

As at June 30, 2021, $84,129 (September 30, 2020- $119,000) were owing to key management personnel for fees and expenses and the amounts were included in accounts payable and accrued liabilities. 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 nine-month ended June 30, 2021, the Company paid or accrued $Nil (2020 - $54,000) to Kona Bay under the MASA. The balances due to Kona Bay at June 30, 2021 of $Nil (September 30, 2020 - $14,175) consists of expenses incurred by Kona Bay on behalf of the Company. The balance due at June 30, 2021 of $Nil (September 30, 2020 - $13,978) relate to net expenses incurred by a subsidiary on the Company's behalf.

On April 13, 2021, the Company and Kona Bay entered into a mutual release agreement to settle the outstanding principal of Kona Bay's loan of $84,036 and outstanding accounts payable of $30,644 and $13,499 owing to ACT360 and Kona Bay, respectively, in exchange for a cash payment of $110,000, resulting in a gain on debt settlement of $18,179. In addition, both parties agreed to terminate the MASA agreement.

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.

Changes in Accounting Policies

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 nine-month period ended June 30, 2021 and the year ended September 30, 2020, the Company's critical accounting estimates and significant accounting policies have remained substantially unchanged.

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 condensed interim 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 $nil, as detailed below:

United States Dollar Denominated Balances	**June 30, 2021**	**September 30, 2020**
Trade accounts receivable	$ nil	$ 14,750
10% change in exchange rate impact	**$ nil**	**$ 1,974**

As at June 30, 2021, the Company is not exposed to significant interest rate or price risks.

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 trade accounts receivable. Cash is maintained with financial institutions of reputable credit and may be redeemed upon demand.

The carrying amount of financial assets represents the maximum credit exposure. The Company has gross credit exposure at June 30, 2021 relating to cash of $70,656 (September 30, 2020: $1,153) held in deposits at a Canadian chartered bank. The Company considers this credit risk to be minimal for all of its cash.

The Company has gross credit exposure at June 30, 2021 relating to trade accounts receivable of $nil in USD (September 30, 2020: $14,750 in USD). Trade accounts receivable at 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. 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
June 30, 2021				
Accounts payable and accrued liabilities	$ 150,179	$ -	$ -	$ 150,179
	$ 150,179	$ -	$ -	$ 150,179
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 June 30, 2021 and the date of this MD&A, the following table summarizes the outstanding share capital of the Company:

	June 30, 2021	Report Date
Common Shares	11,993,931	16,993,931
Stock Options	-	-
Warrants (1)	7,950,000	2,950,000
Total, Fully Diluted	**19,943,931**	**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.

Events Subsequent to the Reporting Date

Business combination

On August 4, 2021, Bexar, BC Subco, Delaware Subco, Immutable and Finco entered into the BCA whereby Bexar, BC Subco and Finco entered into an amalgamation agreement (the "Amalgamation Agreement") forming an amalgamated entity ("Amalco") and Bexar, Delaware Subco and Immutable entered into a merger agreement (the "Merger Agreement") and Bexar and Amalco entered into an assignment and assumption agreement (the "Assignment and Assumption Agreement") pursuant to which Bexar has agreed to acquire all of the issued and outstanding Immutable shares by way of a three-cornered merger among Bexar, Immutable and Finco.

Amalgamation Agreement

Under the Amalgamation Agreement, Bexar will amend its share capital such that:

(i) all common shares will be converted to subordinated voting shares ("SVS");
(ii) the existing class of preferred shares will be eliminated; and
(iii) a new class of multiple voting shares ("MVS") will be created.

Prior to the completion of the Amalgamation Agreement, Bexar will complete a share consolidation, whereby all of the outstanding Bexar Shares immediately prior to the closing of the Transactions will be consolidated on a basis of 12.4346 pre-consolidated shares for every one post-consolidated share.

Finco will complete the Concurrent Financing, pursuant to which it issued an aggregate of 8,880,225 subscription receipts at a price of $0.75 per subscription receipt for gross proceeds of $6,660,169 (the "Concurrent Financing"). In connection with the Concurrent Financing, the agents were paid $96,918 and received 375,461 agents' options. At the closing of the Concurrent Financing, all of the proceeds, less 50% of the Agents' Compensation and the Agents' Expenses incurred to the closing date, were deposited into escrow (the "Escrowed Funds").

Pursuant to the terms of the Assignment and Assumption Agreement, Amalco will be wound up into Bexar and the assets of Amalco (which will consist of the funds invested by the investors in the Concurrent Financing net of expenses) will be transferred to Bexar.

Merger Agreement

Under the Merger Agreement, Delaware Subco and Immutable will merge and Immutable will continue as the surviving corporation. Immutable will then become a wholly owned subsidiary of Bexar. Each Immutable share will be cancelled and the former Immutable shareholders shall receive the following:

(i) each holder of 1,000 Immutable MVS will receive one Bexar MVS; and
(ii) each holder of one Immutable SVS will receive one Bexar SVS.

As Immutable has 68,426,031 MVS and 12,173,949 SVS outstanding, Bexar will issue 68,426.031 MVS and 12,173,949 SVS. The exchange ratio for the MVS is approximately 80.9643 and the exchange ratio for the MVS is approximately 0.0809643. The MVS will be subject to vesting terms whereby, 25% will vest on the listing date and 25% will vest every six months thereafter. The SVS shares will not be subject to vesting requirements.

On the closing of the Transactions, Bexar will change its name to Immutable Holdings Inc. and the shares will trade on the NEO Exchange under the trading symbol "HOLD".

<u>Exercise of warrants</u>
On August 5, 20201, the Company issued 5,000,000 common shares for the exercise of warrants for gross proceeds of $250,000, of which $180,000 was outstanding in subscriptions received as at June 30, 2021.