LX VENTURES INC.

Condensed Consolidated Interim Financial Statements
(unaudited)

(EXPRESSED IN CANADIAN DOLLARS)

Three months ended
October 31, 2012 and 2011

Index

LX VENTURES INC. ("LXV" or the "Company")

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The Company's auditors have not reviewed or been involved in the preparation of these condensed interim financial statements.

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the condensed consolidated interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

In accordance with National Instrument 51-102 Section 4.3(3)(a) released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed the unaudited interim condensed consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor, for the three-month period ended October 31, 2012,

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

LX VENTURES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

As at	Note		October 31, 2012		July 31, 2012
ASSETS					
Current Assets					
Cash		$	1,791,941	$	1,546
Accounts receivable	4		12,114		3,001
			1,804,055		4,547
Other Assets					
Note receivable	5		25,000		-
TOTAL ASSETS		$	1,829,055	$	4,547
LIABILITIES					
Current Liabilities					
Trade payables and accruals	6	$	120,251	$	279,081
Loans payable	7		-		107,515
Related-party borrowings	8		-		9,999
			120,251		396,595
TOTAL LIABILITIES			120,251		396,595
SHAREHOLDERS EQUITY					
Share capital	9		3,800,995		1,800,647
Warrants reserves			214,584		22,335
Share-based payments reserves	10		115,315		122,773
Deficit			(2,422,090)		(2,337,803)
TOTAL EQUITY			1,708,804		(392,048)
TOTAL LIABILITIES AND EQUITY		$	1,829,055	$	4,547

Nature and continuance of operations	1
Subsequent events	15

Approved on behalf of the board

"signed"
Keir Reynolds, director

"signed"
Mike Edwards, CEO

see accompanying notes to the financial statements

LX VENTURES INC.

INTERIM CONSENSED CONSOLIDATED STATEMENTS
OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

Three months ended October 31,	Note		2012		2011
REVENUE					
Sales		$	-	$	19,609
Cost of sales			-		7,964
Gross profit			-		11,645
EXPENSES					
Management services	12		49,700		34,998
General and administrative			39,729		7,665
Occupancy	12		1,250		15,000
Interest			1,066		-
Depreciation			-		102
Total expenses			91,745		57,765
Net loss and comprehensive loss for the period		$	(91,745)	$	(46,120)
Basic and diluted loss per share		$	(0.01)	$	(0.01)
Weighted average number of common shares outstanding for the period, basic and diluted			10,077,202		5,631,550

see accompanying notes to the financial statements

LX VENTURES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

Three months ended October 31,	Note	2012	2011
CASH FLOW USED IN OPERATING ACTIVITIES			
Net loss for the period		(91,745)	$ (46,120)
Items not affecting cash			
Amortization		-	102
Net changes in non-cash working captial items	4, 6	(167,943)	26,786
Net cash used in operating activities		(259,688)	(19,232)
CASH FLOW USED IN INVESTING ACTIVITIES			
Note receivable	5	(25,000)	-
Net cash used in investing activities		(25,000)	-
CASH FLOW PROVIDED BY FINANCING ACTIVITIES			
Loans received (repaid)	7	(107,515)	15,104
Advanced from (repayments to) related parties	8	(9,999)	-
Issuance of common shares	9	2,216,500	-
Share issuance costs	9	(23,903)	-
Net cash provided by financing activities		2,075,083	15,104
INCREASE (DECREASE) IN CASH FOR THE PERIOD		1,790,395	(4,128)
CASH, BEGINNING OF THE PERIOD		1,546	15,873
CASH, END OF THE PERIOD		1,791,941	11,745

see accompanying notes to the financial statements

LX VENTURES INC.

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Expressed in Canadian dollars)

Three months ended Oct 31, 2012 & 2011

	Notes	Share capital		Reserves			
		Number of shares	Amount	Warrant reserves	Share-based payments reserves	Deficit	Total
Balance at August 1, 2011		5,631,550	1,800,647	22,335	115,315	(2,175,576)	(237,279)
Comprehensive loss for the period		-	-	-	-	(46,120)	(46,120)
Balance at October 31, 2011		5,631,550	1,800,647	22,335	115,315	(2,221,696)	(283,399)
Balance at August 1, 2012		5,631,550	1,800,647	22,335	122,773	(2,337,803)	(392,048)
Shares issued in private placement	9	22,165,000	2,024,251	192,249	-	-	2,216,500
Share issuance costs	9	-	(23,903)	-	-	-	(23,903)
Expiry of stock options	9	-	-	-	(7,458)	7,458	-
Comprehensive loss for the period		-	-	-	-	(91,745)	(91,745)

Three months ended Oct 31, 2012 & year ended July 31, 2012

	Notes	Share capital		Reserves			
		Number of shares	Amount	Warrant reserves	Share-based payments reserves	Deficit	Total
Balance at August 1, 2011		5,631,550	1,800,647	22,335	115,315	(2,175,576)	(237,279)
Share-based payments		-	-	-	7,458	-	7,458
Comprehensive loss for the period		-	-	-	-	(162,227)	(162,227)
Balance at July 31, 2012		5,631,550	1,800,647	22,335	122,773	(2,337,803)	(392,048)
Balance at August 1, 2012		5,631,550	1,800,647	22,335	122,773	(2,337,803)	(392,048)
Shares issued in private placement	9	22,165,000	2,024,251	192,249	-	-	2,216,500
Share issuance costs	9	-	(23,903)	-	-	-	(23,903)
Expiry of stock options	9	-	-	-	(7,458)	7,458	-
Comprehensive loss for the period		-	-	-	-	(91,745)	(91,745)
Balance at October 31, 2012		27,796,550	3,800,995	214,584	115,315	(2,422,090)	1,708,804

See accompanying notes to the financial statements

1. NATURE AND CONTINUANCE OF OPERATIONS

LX Ventures Inc. ("LXV" or the "Company") was originally incorporated pursuant to the provisions of the *Business Corporations Act* (Alberta) on November 19, 1998. On December 6, 2012, the Company was continued into British Columbia and concurrently changed its name to from Intensity Company Inc. to LX Ventures Inc. LXV is a public corporation whose shares are listed and posted for trading on the TSXV under the symbol "LXV". Prior to the period ended October 31, 2012, the Company was in the business of selling computer hardware and software products. Subsequent to the period ended October 31, 2012, the Company completed a series of transformative changes whereby it shifted its focus from hardware and software distribution to being a vertically integrated high-growth technology company. LXV is now looking to leverage its unique human, financial, and venture capital experience to develop innovative and leading edge products for the high-technology marketplace. The Company is focused on incubating, accelerating and acquiring technologies that can benefit from internally developed growth platforms.

These interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. At present, the Company's operations are not profitable and do not generate cash flow.

2. BASIS OF PRESENTATION

These financial statements were authorized for issue on December 31, 2012 by the directors of the Company.

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to the preparation of interim financial statements, including International Accounting Standards ("IAS") 34, Interim Financial Reporting. These condensed consolidated interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the Company's audited annual consolidated financial statements for the year ended July 31, 2012, which have been prepared in accordance with IFRS.

The policies applied in these condensed consolidated interim financial statements are based on IFRS issued and outstanding as of December 31, 2012, the date of the Board of Directors approval of the statements.

Basis of Measurement

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as fair value through profit or loss or available-for-sale, which are stated at their fair values. In addition these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting.

2. BASIS OF PRESENTATION (Continued)

Functional and presentation currency
The interim consolidated financial statements are presented in Canadian dollars, which is the Company's functional currency.

Consolidation
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. Subsidiaries are deconsolidated on the date that control ceases.

The condensed consolidated interim financial statements at October 31, 2012 and 2011 include the assets, liabilities, revenues and expenses of the Company's 100% controlled and wholly owned subsidiaries. All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

These condensed consolidated interim financial statements have been prepared using the following significant accounting policies:

Critical accounting estimates and judgments
The preparation of these condensed consolidated interim financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenues and expenses. Actual results could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future and other sources of estimation uncertainty that management has made at the end of the reporting period, that could result in a material adjustment to the carrying amounts of assets and liabilities in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

a) Measurement uncertainty
The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring management estimates include impairment provisions, fair value measurements for financial instruments, stock-based compensation and the estimation of the tax rates used to calculate deferred income tax assets and liabilities. Actual results could differ from those estimates.

2. BASIS OF PRESENTATION (Continued)

b) Functional currency and presentation

The Company's functional currency is the Canadian dollar and transactions in foreign currencies are translated into Canadian dollars at rates of exchange at the time of such transactions. Monetary assets and liabilities are translated at reporting period rate of exchange. Non-monetary assets and liabilities are translated at historical exchange rates. Revenue and expenses denominated in a foreign currency are translated at the monthly average exchange rate (except for depreciation and amortization which is translated at historical exchange rates). Gains and losses resulting from the translation adjustments are included in income.

c) Income taxes

Income tax expense consists of current and deferred tax expenses. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized directly in equity.

Current tax expense is the expected tax payable on the 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.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for temporary differences related to the initial recognition of assets or liabilities that affect neither accounting nor taxable profit or investments in subsidiaries and equity investments to the extent it is probable that they will not be reversed in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. To the extent that the Company does not consider it probable that a future tax asset will be recovered, it provides a valuation allowance against that asset.

d) Stock-based compensation

For employees, the fair value is measured at grant date and recognized on a straight-line basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. The amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Compensation expense for stock options granted to non-employees is recorded as an expense in the period at the earlier of the completion of performance and the date the options are vested using the fair value method.

At each balance sheet date, the Company revises its estimate of the number of options that are expected to vest based on the non-market vesting conditions. It recognizes the impact of the revision to original estimates, if any, in net earnings, with a corresponding adjustment to equity.

2. BASIS OF PRESENTATION (Continued)

d) Stock-based compensation (continued)

The proceeds received, net of any directly attributable transaction costs, are credited to share capital when the options are exercised. This accounting policy has been applied to all equity instruments granted after November 7, 2002 that had not yet vested at January 1, 2010.

e) Loss per share

Basic earnings (loss) per share is calculated by dividing the earnings (loss) attributable to common shareholders by the weighted-average number of common shares outstanding during the period. The Company uses the treasury stock method to compute the dilutive effect of options, warrants and similar instruments. The method requires computation as if the proceeds from the exercisable options and warrants would be used to purchase common shares at the average market price during the period. For the periods presented, diluted loss per share is equal to basic loss per share since the effects of stock options and warrants were anti-dilutive.

f) Financial instruments

At initial recognition, the Company classifies all financial instruments as held-to-maturity, available-for-sale, held-for-trading, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities measured at fair value. Financial assets held to maturity, loans and receivables and financial liabilities, other than those measured at fair value, are measured at amortized cost. Instruments classified as held-for-trading are measured at fair value with unrealized gains and losses recognized in the statement of operations. Instruments classified as available for sale are measured at fair value with unrealized gains and losses included in other comprehensive income.

The Company has classified its financial instruments as follows:

Cash and cash equivalents	Measured at Fair Value – "Held for trading"
Short-term investments	Measured at Fair Value – "Held for trading"
Accounts receivable and notes	Loans and accounts receivable
Accounts payable and advances	Other liabilities

The carrying amount for cash, accounts receivable and notes on the balance sheet approximate their fair value due to the current nature of these instruments. Accounts payable and advances are measured at amortized cost. Management has determined that the carrying value approximates fair value.

g) Comprehensive income

Comprehensive income (loss) is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net earnings. As the Company does not have any available-for-sale financial instruments, translation adjustments or other prescribed unrealized gains and losses, there are no comprehensive income adjustments to be recorded. Comprehensive loss is equal to net loss for the periods ended October 31, 2012 and 2011.

2. BASIS OF PRESENTATION (Continued)

h) Non-monetary transactions

All non-monetary transactions are measured at the fair value of the asset surrendered or the asset received, whichever is more reliable, unless the transaction lacks commercial substance or the fair value cannot be reliably established. The commercial substance requirement is met when the future cash flows are expected to change significantly as a result of the transaction. When the fair value of a non-monetary transaction cannot be accurately measured it is recorded at the carrying amount of the asset given up adjusted by the fair value of any monetary consideration received or given.

Accounting standards issued but not yet applied

At the date of authorization of these condensed consolidated interim financial statements, the following standards, amendments and interpretations have not been early adopted and are not expected to have a material effect on the Company's future results and financial position:

Financial Instruments

The IASB intends to replace IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39") with IFRS 9, "Financial Instruments" ("IFRS 9"). IFRS 9 will be published in three phases, of which the first phase has been published. For financial assets, IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple rules in IAS 39. The approach in IFRS 9 is based on how an entity manages its financial instruments in the context of its business model and the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used. For financial liabilities, the approach to the fair value option may require different accounting for changes to the fair value of a financial liability as a result of changes to an entity's own credit risk. IFRS 9 is currently effective for annual periods beginning on or after January 1, 2013. However, the IASB has published an exposure draft which proposes to extend the mandatory effective date to January 1, 2015. The Company is currently assessing the impact of this standard.

Fair Value Measurement

In May 2011, the IASB issued IFRS 13, "Fair Value Measurement", which provides a consistent and less complex definition of fair value, establishes a single source of guidance for determining fair value and introduces consistent requirements for disclosures related to fair value measurement. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. Prospective application of this standard is effective for fiscal periods beginning on or after January 1, 2013, with early adoption permitted. The Company is currently assessing the impact of this standard.

Reporting Entity

In May 2011, the IASB issued IFRS 10, "Consolidated Financial Statements", IFRS 11, "Joint Arrangement", IFRS 12, "Disclosures of Interest in Other Entities" and amendments to both IAS 27, "Consolidated and Separate Financial Statements" and IAS 28 "Investments in Associates". IFRS 10 creates a single consolidation model by revising the definition of control in order to apply the same control criteria to all types of entities, including joint arrangements, associates and special purpose vehicles. IFRS 11 establishes a principle-based approach to the accounting for joint arrangement by focusing on the rights and obligations of the arrangement and limits the

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (Continued)

Accounting standards issued but not yet applied (continued)

Reporting Entity (continued)

application of proportionate consolidation to arrangements that meet the definition of a joint operation. IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint venture will be accounted for using the equity method of accounting whereas for a joint operation the venturer will recognize its share of the assets, liabilities, revenue and expenses of the joint operation. IFRS 12 is a comprehensive disclosure standard for all forms of interests in other entities, including joint arrangements, associates and special purpose vehicles. Retrospective application of these standards with relief for certain transactions is effective for fiscal years beginning on or after January 1, 2013, with earlier adoption permitted if all of the standards are collectively adopted. The Company is currently assessing the impact of these standards.

Presentation of Items of Other Comprehensive Income

In June 2011, the IASB issued an amendment to IAS 1, "Presentation of Financial Statements", requiring corporations to group items presented within other comprehensive income based on whether they may be subsequently reclassified to profit or loss. Retrospective application of this amendment is effective for fiscal years beginning on or after July 1, 2012, with earlier adoption permitted. The Company does not expect a significant impact upon implementation of the amended standard.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these condensed consolidated interim financial statements are summarized in the audited financial statements of the Company for the year ended July 31, 2012. These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended July 31, 2012.

4. ACCOUNTS RECEIVABLE

ACCOUNTS RECEIVABLE

		October 31, 2012		July 31, 2012
GST/HST recoverable	$	12,114	$	3,001
Total receivables	$	12,114	$	3,001

The Company anticipates full recovery of its receivables and therefore no impairment has been recorded against these amounts.

(Expressed in Canadian dollars)

5. OTHER ASSETS

Other assets consist of a convertible promissory note in the amount of $25,000 (July 31, 2012 - $Nil), which was advanced to 777783 Canada Inc. ("Battlefy") on October 15, 2012. The note bears interest at 6% per annum and is convertible into preferred shares in the event that Battlefy issues preferred shares which, in aggregate, generate gross proceeds to Battlefy of $750,000.

6. TRADE AND OTHER PAYABLES

TRADE PAYABLES AND ACCRUED EXPENSES

		October 31, 2012		July 31, 2012
Trade payables and accrued costs	$	120,251	$	197,762
Non-interest bearing loans payable		-		81,319
Total payables and accruals	$	120,251	$	279,081

Trade payables and accrued expenses of the Company are principally comprised of amounts outstanding for trade purchases relating to operating activities. The usual credit period on trade purchases is net 30 days.

Trade payables include amounts of $44,304 (July 31, 2012 - $4,000) for management and other fees payable to certain current and former directors of the Company. All monetary transactions are incurred in the normal course of operations and are measured at the exchange value, which is the amount of consideration agreed to between the related parties. Amounts due to or from related parties are incurred in the normal course of operations and are unsecured, non-interest bearing and due upon demand.

The non-interest bearing loans payable are unsecured and have no specific terms of repayment. As of October 31, 2012, these non-interest bearing loans have been repaid in full.

7. LOANS PAYABLE

Loans payable in the amount of $Nil (July 31, 2012 - $107,515) were unsecured and bore interest at 5% per annum. As of October 31, 2012, these loans have been repaid in full.

8. BORROWINGS FROM RELATED PARTIES

Borrowings from related parties amounted to $Nil (July 31, 2012 - $9,999). The amounts were unsecured and were non-interest bearing. As of October 31, 2012, all borrowings from related parties have been repaid in full.

(Expressed in Canadian dollars)

9. SHARE CAPITAL

Authorized:
Unlimited number of common shares
Unlimited number of preferred shares, non-voting and entitled to such dividends as may be set by the Board of Directors of the Company

Issued and outstanding shares

Common Shares Issued and Outstanding

	Number		Amount
Balance, July 31, 2012	5,631,550	$	1,800,647
Shares issued pursuant to private placement	22,165,000		2,024,251
Share issuance costs	-		(23,903)
Balance, October 31, 2012	27,796,550	$	3,800,995

On October 12, 2012 the Company closed the first tranche of a non-brokered private placement originally announced on September 20, 2012, and issued 19,715,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of $1,971,500 (the "First Closing"). Each Unit consisted of one common share and one half of a common share purchase warrant of the Company, with each whole warrant entitling the holder to purchase one additional common share of the Company at price of $0.30 per share for a period of 18 months from the date of issue (the "Warrants"). If at any time after the date of issue the closing price of the common shares of LXV on the TSX Venture Exchange is greater than $0.50 per share for 10 consecutive trading days, the Company may give written notice to warrant holders that the Warrants will expire 30 calendar days after the date of such notice.

The fair value of the Warrants issued in connection with the First Closing was calculated using the Black-Sholes option pricing model, resulting in $173,935 of the First Closing being allocated to warrant reserves. The remainder was recorded as common shares.

On October 26, 2012 the Company closed the second tranche of the non-brokered private placement originally announced on September 20, 2012, and issued 2,450,000 Units at a price of $0.10 per Unit for gross proceeds of $245,000 (the "Second Closing").

The fair value of the Warrants issued in connection with the Second Closing was calculated using the Black-Sholes option pricing model, resulting in $18,314 of the Second Closing being allocated to warrant reserves. The remainder was recorded as common shares.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (Continued)

Warrants

Details of common share purchase warrants at October 31, 2012 are as follows:

Date of Issue	Number of Warrants		Exercise Price	Expiry Date	Exercised to Date	Remaining Outstanding		Assigned Value
Oct. 12, 2012	9,857,500	$	0.30	Apr. 12, 2014	-	9,857,500	$	173,935
Oct. 26, 2012	1,225,000	$	0.30	Apr. 26, 2014	-	1,225,000	$	18,314
Total	11,082,500				-	11,082,500	$	192,249

Common share purchase warrant transactions during the three months ended October 31, 2012 and for the year ended July 31, 2012 are as follows:

	Number of Warrants		Weighted Average Exercise Price
Balance, August 1, 2011	950,000	$	0.15
Warrants expired during the year	(950,000)	$	0.15
Balance, July 31, 2012	-	$	-
Warrants issued during the period	11,082,500	$	0.30
Balance, October 31, 2012	11,082,500	$	0.30

The weighted average remaining contractual life of the issued and outstanding warrants as at October 31, 2012 was 17.5 months.

The fair value of share purchase warrants issued pursuant to First Closing and the Second Closing during the period ended October 31, 2012, was calculated using the Black-Scholes option pricing model. The following weighted average assumptions were used for the valuation of share purchase warrants:

Risk-free interest rate	1.25%
Expected life	1 year
Estimated volatility	100.00%
Dividend rate	0.00%

Stock Options

Under the Company's Stock Option Plan, options to purchase common shares of the Company may be granted to directors, officers, key employees and consultants of the Company. These options entitle the holder to purchase one common share at a subscription price that shall not be less than that which may be acceptable to any stock exchange on which the Company's shares are traded. Options expire between two and five years after being issued or ninety days after an employee ceases employment with the Company. The Board of Directors has the discretion to extend the expiration period on cessation of employment.

(Expressed in Canadian dollars)

9. SHARE CAPITAL (Continued)

Stock Options (continued)

The maximum number of common shares authorized for issuance by the Board of Directors under the plan is limited to 10% of the total issued and outstanding common shares of the Company and the aggregate number of common shares to be delivered upon exercise of the options to any one individual granted under the plan may not exceed 5% of the common shares issued and outstanding.

A summary of the changes in the Company's outstanding stock options is as follows:

	Number of Options		Weighted Average Exercise Price
Balance, August 1, 2011	-	$	-
Stock options granted (Feb. 3, 2012)	100,000	$	0.10
Balance, July 31, 2012	100,000	$	0.10
Stock options forfeited (Sept. 24, 2012)	(100,000)	$	0.10
Balance, October 31, 2012	-	$	-

Subsequent to the period end the Company granted stock options to various directors, officers, and consultants to the Company. See *Note 15 – SUBSEQUENT EVENTS.*

10. SHARE-BASED PAYMENTS RESERVE

Share-Based Payment Reserve		Amount
Balance, August 1, 2011	$	115,315.00
Stock options granted (Feb. 3, 2012)	$	7,458.00
Balance, July 31, 2012	$	122,773.00
Stock options forfeited (Sept. 24, 2012)	$	(7,458.00)
Balance, October 31, 2012	$	115,315.00

(Expressed in Canadian dollars)

11. LOSS PER SHARE

The basic loss per common share is calculated using the weighted average number of common shares outstanding during the year. Any warrants and stock options outstanding as at October 31, 2012 and July 31, 2012 have not been included in the calculation of diluted loss per common share as the effect of their inclusion would be anti-dilutive. Loss per share is calculated as follows:

Loss Per Share Calculation	Weighed Average Shares Outstanding	Net Income (Loss)	Income (Loss) Per Share
Three months ended October 31,			
2012	10,077,202	$ (91,745)	$ (0.01)
2011	5,631,550	$ (46,120)	$ (0.01)

12. RELATED PARTY TRANSACTIONS

The Company entered into the following related party transactions during the period ended October 31, 2012:

- Paid or accrued management fees of $16,700 for the three months ended October 31, 2012 (2011 - $Nil) to a corporation controlled by the Chief Executive Officer of the Company;
- Paid or accrued management fees of $17,500 for the three months ended October 31, 2012 (2011 - $Nil) to a corporation controlled by the Chief Operating Officer of the Company;
- Paid or accrued management fees of $15,500 (2011 - $34,998) to individuals who were formerly directors or officers of the Company, and a privately owned corporation controlled by a former director of the Company.
- Paid or accrued rent for office premises in the amount of $Nil (2011 - $15,000) to privately owned companies controlled by former directors of the Company.
- Paid or accrued rent for office premises in the amount of $1,250 (2011 - $Nil) to Launch Academy, a not-for-profit entity over which the Company's Chief Operating Officer exercises control.

All related party transactions were in the normal course of business and have been measured at the agreed upon exchange amounts, which is the amount of consideration established and agreed to by the related parties. The exchange amounts approximate fair values.

13. FINANCIAL INSTRUMENTS

The Company's financial instruments consist of cash, accounts receivable, investment in a convertible promissory note, trade and other payables, loans payable and borrowings from related parties. As at October 31, 2012, there are no significant differences between the carrying amounts of these items and their estimated fair values. The carrying value of these items approximates their fair values due to their immediate or short-term maturity.

13. FINANCIAL INSTRUMENTS (Continued)

The Company's financial instruments are exposed to certain financial risks. The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk and funding risk
- Interest rate risk
- Market risk

The Board of Directors approves and monitors the risk management processes.

Fair Value
Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy based on the degree to which the inputs used to determine the fair value are observable. The three levels of the fair value hierarchy are:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Interest Rate Risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company manages its financial instruments with the objective of minimizing potential interest rate risk, which generally means avoiding interest-bearing obligations other than in unusual circumstances.

Credit Risk
Credit risk is the risk of potential loss to the Company if the counter party to a financial instrument fails to meet its contractual obligations. The credit risk of the Company is associated with cash and accounts receivable, and its investment in a convertible promissory note. Management believes that the credit risk with respect to cash is minimal as balances are held with a high-credit quality financial institution. Accounts receivable are described in Note 4. There were no new provisions recorded for bad debts during the period ended October 31, 2012. Accordingly, the Company believes that credit risk associated with its financial instruments is low.

Liquidity Risk
The Company's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Company controls liquidity risk by management of working capital and cash flows.

Market Risk
The Company's exposure to financial market risk is limited as there are no financial instruments which fluctuate as a result of changes in prices quoted in open markets.

14. CAPITAL MANAGEMENT

The Company defines capital as an aggregate of total liabilities and equity which at October 31, 2012 was $1,829,055 (July 31, 2012 - $4,547). The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. The Company's objective is met by retaining adequate working capital to provide for the possibility that cash flows from assets will not be sufficient to meet future cash flow requirements in the near term. The Board of Directors does not establish quantitative return on capital criteria for management. In recent periods, the Company has relied on funds generated through the issuance of common shares, its commercial activities, advances from related parties, and other interested parties to continue its operations (see Notes 7 and 8).

There were no changes in the Company's approach to capital management, except as described in Notes 7 and 8, during the period ended October 31, 2012. No capital requirements have been imposed on the Company by lenders.

15. SUBSEQUENT EVENTS

On November 12, 2012, the Company completed the acquisition of GSD Technologies Inc. ("GSD"), a company specializing in web-based and mobile solutions that enables investors to gain and compile crowd-sourced stock market data. The Company acquired all of the issued and outstanding share capital of GSD in exchange for 2,800,000 common shares of LXV. The common shares of LXV issued to GSD shareholders are subject to a four-month hold period, expiring on March 8, 2013.

On November 15, 2012, the Company appointed a new President and Chief Executive Officer, Chief Operating Officer, and Chief Financial Officer, along with the appointment of new directors and the resignation of an existing director. Simultaneously, the Company granted 2,425,000 stock options to directors, officers and consultants of the Company exercisable at $0.16 per share for a period of five years from date of grant, subject to approval of the TSX Venture Exchange.

On November 23, 2012, the Company received shareholder approval to change its name from Intensity Company Inc. to LX Ventures Inc. and continue into the province of British Columbia. The Company completed the continuation into British Columbia and its name change on December 6, 2012.