

Peeks Social Ltd.

(Formerly Keek Inc.)

Condensed Consolidated Interim Financial Statements

For the Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

**MANAGEMENT'S COMMENTS ON
UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

NOTICE TO READER PURSUANT TO NATIONAL INSTRUMENT 51-102 - *CONTINUOUS
DISCLOSURE OBLIGATIONS*

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Peeks Social Ltd.

(Formerly Keek Inc.)

Condensed Consolidated Interim Statements of Financial Position

(Expressed in Canadian Dollars)

(Unaudited)

	November 30, 2017	February 28, 2017
Assets		
Current assets		
Cash	\$ 1,365,247	\$ 943,223
Accounts receivable(Note 9(b))	422,964	115,238
Loans receivable (Note 9(f))	500,000	-
Other receivables and deposits (Note 9(g))	1,127,066	44,524
Prepaid expenses (Note 10)	422,610	62,645
	3,837,887	1,165,630
Prepaid expenses (Note 10)	219,497	51,747
Intangible assets	6,633	11,274
Property and equipment (Note 4)	153,187	7,646
	\$ 4,217,204	\$ 1,236,297
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 2,361,161	\$ 2,866,660
Secured notes (Note 8)	100,000	100,000
	2,461,161	2,966,660
Shareholders' Equity (Deficiency)		
Share capital (Note 6)	62,459,621	56,236,817
Contributed surplus	21,671,297	20,572,957
Warrants reserve (Note 6)	2,291,914	745,611
Deficit	(84,666,789)	(79,285,748)
	1,756,043	(1,730,363)
	\$ 4,217,204	\$ 1,236,297

Nature of Operations and Going Concern (Note 1)

Related Party Transactions (Note 9)

Commitments (Note 10)

Subsequent Events (Note 13)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Peeks Social Ltd.

(Formerly Keek Inc.)

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

For the Three and Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Three Months Ended November 30,		Nine Months Ended November 30,	
	2017	2016	2017	2016
Revenue				
Licensing revenue (Note 9(b))	\$ 131,430	\$ 3,434	\$ 352,488	\$ 3,434
Advertising revenue	-	3,376	375	43,126
	131,430	6,810	352,863	46,560
Expenses				
Advertising and marketing	416,458	40,612	2,293,855	102,886
Salaries and benefits (Note 7)	500,670	1,051,220	1,883,384	1,912,089
Consulting fees (Note 9(a))	496,022	129,536	976,792	424,285
Office and general	85,517	32,449	248,458	80,987
Professional fees	66,714	58,513	248,213	123,856
Internet and communications	139,388	200,384	243,015	526,900
Occupancy costs	133,130	9,826	183,321	98,374
Amortization (Note 4)	19,697	20,078	27,239	151,718
Translation and software licensing	1,637	19,153	8,566	46,125
Gain on disposal of long-lived assets	(10,000)	(67,293)	(10,000)	(77,494)
Foreign exchange (gain) loss	12,371	25,682	(50,430)	(28,291)
	1,861,604	1,520,160	6,052,413	3,361,435
Other expenses (income)				
Interest and accretion expense	3,113	3,555	9,113	24,187
Interest income	(11,377)	(11)	(21,647)	(6,069)
Gain on settlement of debts (Note 5)	-	(541,653)	(305,975)	(591,849)
	(8,264)	(538,109)	(318,509)	(573,731)
Net loss and comprehensive loss for the period	\$ (1,721,910)	\$ (975,241)	\$ (5,381,041)	\$ (2,741,144)
Net loss per share				
Basic and diluted	\$ (0.03)	\$ (0.02)	\$ (0.09)	\$ (0.06)
Weighted average number of common shares outstanding				
Basic and diluted	61,976,271	45,335,903	60,094,048	43,058,755

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Peeks Social Ltd.

(Formerly Keek Inc.)

Condensed Consolidated Interim Statements of Changes in Equity

For the Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Common shares		Contributed	Warrants	Deficit	Total
	Number	Amount	surplus	reserve		
Balance at February 29, 2016	24,565,276	\$ 48,854,663	\$ 18,991,624	\$ 548,098	\$ (75,026,569)	\$ (6,632,184)
Net loss for the period	-	-	-	-	(2,741,144)	(2,741,144)
Share-based payments (Note 7)	-	-	1,221,479	-	-	1,221,479
Issuance of units	6,000,000	844,249	-	632,276	-	1,476,525
Issuance of shares for settlement of debt and trade payables	13,910,995	3,479,749	-	-	-	3,479,749
Issuance of shares for services	80,000	20,000	-	-	-	20,000
Exercise of warrants	3,821,000	1,318,109	-	(271,809)	-	1,046,300
Exercise of options	625,000	1,185,687	(503,387)	-	-	682,300
Balance at November 30, 2016	49,002,271	\$ 55,702,457	\$ 19,709,716	\$ 908,565	\$ (77,767,713)	\$ (1,446,975)
Balance at February 28, 2017	50,107,271	\$ 56,236,817	\$ 20,572,957	\$ 745,611	\$ (79,285,748)	\$ (1,730,363)
Net loss for the period	-	-	-	-	(5,381,041)	(5,381,041)
Share-based payments (Note 7)	-	-	1,110,067	-	-	1,110,067
Issuance of units (Note 6)	7,200,000	4,425,913	-	1,995,767	-	6,421,680
Exercise of warrants (Note 6)	4,602,000	1,765,064	-	(449,464)	-	1,315,600
Exercise of options (Note 6)	67,000	31,827	(11,727)	-	-	20,100
Balance at November 30, 2017	61,976,271	\$ 62,459,621	\$ 21,671,297	\$ 2,291,914	\$ (84,666,789)	\$ 1,756,043

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Peeks Social Ltd.

(Formerly Keek Inc.)

Condensed Consolidated Interim Statements of Cash Flows

For the Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Months Ended	
	November 30, 2017	November 30, 2016
Cash flows used in operating activities		
Net loss for the period	\$ (5,381,041)	\$ (2,741,144)
Items not affecting cash:		
Share-based payments (Note 7)	1,110,067	1,221,479
Amortization	27,239	151,718
Accrued interest	1,178	90,939
Gain on disposal of long-lived assets	(10,000)	(77,494)
Gain on settlement of debts (Note 5)	(305,975)	(591,849)
	(4,558,532)	(1,946,351)
Changes in non-cash working capital items		
Accounts receivable	(299,904)	23,936
Other receivables and deposits	(1,082,542)	(19,564)
Prepaid expenses	(527,715)	30,249
Accounts payable and accrued liabilities	(208,522)	18,287
	(2,118,683)	52,908
Net cash used in operating activities	(6,677,215)	(1,893,443)
Cash flows generated from financing activities		
Issuance of units, net of costs (Note 6)	6,421,680	1,476,525
Proceeds from warrants exercised (Note 6)	1,315,600	1,046,300
Proceeds from options exercised (Note 6)	20,100	682,300
Issuance of short-term loans (Note 9(f))	(500,000)	(200,000)
Repayment of short-term loans	-	200,000
Issuance of shares for services	-	20,000
Net cash generated from financing activities	7,257,380	3,225,125
Cash flows generated from (used in) investing activities		
Proceeds from disposal of property and equipment	10,000	77,494
Purchase of property and equipment	(168,141)	-
Net cash generated from (used in) investing activities	(158,141)	77,494
Net increase in cash	422,024	1,409,176
Cash, beginning of period	943,223	102,659
Cash, end of period	\$ 1,365,247	\$ 1,511,835
Supplemental cash flow information		
Cash paid for interest	\$ 113	\$ 648
Issuance of shares for settlement of debt and trade payables	\$ -	\$ 3,467,749

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Peeks Social Ltd. (formerly Keek Inc. and formerly Primary Petroleum Corporation) ("Peeks", "Peeks Social", or the "Company"), was incorporated under the provisions of the Business Corporations Act in the Province of British Columbia on May 20, 2004 and on January 10, 2008, was continued under the laws of the Province of Alberta. The Company is a publicly traded company listed on the TSX Venture Exchange ("TSX-V") under the symbol "PEEK". The Company's principal activity is the offering of social media products and services for use by consumers and businesses, with a focus on mobile (iOS and Android) products. The Company's head office is 181 University Ave, Suite 2000, Toronto, Canada, M5H 3M7.

On March 5, 2014, Primary Petroleum Corporation ("Primary") completed a reverse acquisition with Keek Inc., a private company incorporated under the laws of the Province of Ontario ("Keek Ontario"), which was effected pursuant to an amalgamation agreement entered into between Keek Ontario, Primary, and Primary's wholly-owned subsidiary, 2400964 Ontario Limited ("Primary Subco"), formed solely for the purpose of facilitating the amalgamation. Pursuant to the amalgamation agreement, Primary acquired all of the issued and outstanding common and preference shares of Keek Ontario by way of amalgamation between Primary Subco and Keek Ontario (the "Amalgamation"). The Amalgamation was structured as a three-cornered amalgamation, resulting in the amalgamated company becoming a wholly-owned subsidiary of Primary, and former shareholders of Keek receiving common shares of Primary on a one-for-one basis (the "Transaction"). Also, pursuant to the Transaction, substantially all outstanding options and warrants to acquire preference shares in Keek Ontario were exchanged for options and warrants with similar terms to acquire common shares in Primary.

Although the Transaction resulted in Keek Ontario becoming a wholly-owned subsidiary of Primary, the Transaction constitutes a reverse acquisition of Primary by Keek Ontario in-as-much as the former shareholders of Keek Ontario received 56.25%, on a non-diluted basis, of the issued and outstanding common shares of the resulting corporation. For accounting purposes, Keek Ontario is considered the acquirer and Primary the acquiree. Accordingly, these condensed consolidated interim financial statements are a continuation of the financial statements of Keek Ontario and references to the "Company" will mean the consolidated entity subsequent to the date of the Transaction and to Keek Ontario prior to that date.

Following the closing of the Transaction, Primary filed articles of amendment to change its name to Keek Inc. In March 2017, Keek Inc. filed additional articles of amendment to change its name to Peeks Social Ltd. following the retirement of the legacy "Keek" branded products and the release of a new product line known as "Peeks Social".

These condensed consolidated interim financial statements for the nine months ended November 30, 2017 and 2016, include the financial position and results of Peeks Social Ltd., Keek Ontario, and Primary Petroleum Canada Corporation ("PPCC") (a wholly-owned subsidiary of Peeks).

Going Concern

While these condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") on a going concern basis that presumes the Company will continue in operation for the foreseeable future and that the realization of assets and discharge of liabilities and commitments will occur in the normal course of business, there are material uncertainties related to adverse conditions and events that cast significant doubt on the Company's ability to continue as a going concern.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going Concern (Continued)

During the nine months ended November 30, 2017, the Company incurred a net loss of \$5,381,041 (November 30, 2016 - \$2,741,144) and, as of that date, the Company had accumulated a deficit of \$84,666,789 (February 28, 2017 - \$79,285,748) and negative cash flows from operations of \$6,677,215 (November 30, 2016 - \$1,893,443). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. These factors create material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

The Company has not yet realized profitable operations and has mainly relied on non-operational sources of financing to fund operations. Management has been able to raise sufficient funds to finance its operations in the past through private placements of both equity and debt and will need to continue to do so to fund operations in the future. These condensed consolidated interim financial statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Company be unable to continue as a going concern. Such adjustments could be material.

2. BASIS OF PREPARATION

Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB") and interpretations of the IFRS Interpretations Committee and using International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*".

These condensed consolidated interim financial statements follow the same basis of presentation, accounting policies, and methods of computation as were followed in the preparation of the Company's annual audited consolidated financial statements for the year ended February 28, 2017. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended February 28, 2017.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on January 26, 2018.

Basis of Presentation

These condensed consolidated interim financial statements are presented in Canadian dollars which is also the functional currency of the Company and its subsidiaries.

These condensed consolidated interim financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities which have been measured at their fair values.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

2. BASIS OF PREPARATION (Continued)

Principles of Consolidation

These condensed consolidated interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keek Ontario and PPCC. The accounting policies of the subsidiaries align with the policies adopted by the Company. Subsidiaries include all entities controlled by the Company. Control exists when the Company has power over the investee, or is exposed, or has rights, to variable returns and the power to affect its returns. All intercompany transactions, balances, and unrealized gains on transactions between group companies are eliminated.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are outlined in the annual audited consolidated financial statements of the Company as at and for the year ended February 28, 2017, and have been applied consistently to all periods presented in these financial statements.

Adoption of New or Amended Accounting Standards

The Company did not adopt any new standards or interpretations during the nine months ended November 30, 2017. The Company adopted certain amendments to standards which resulted in no impact to the condensed consolidated interim financial statements.

Accounting Standards and Amendments Issued but Not Yet Applied

The following pronouncements have been issued by the IASB or IFRIC. Pronouncements that are not applicable or do not have a significant impact to the Company have been excluded from the summary below. The following have not yet been adopted and are being evaluated to determine the resulting impact to the Company.

IFRS 9, *Financial Instruments* ("IFRS 9") was issued in November 2009 and contained requirements for financial assets. This standard addresses classification and measurement of financial assets and replaces the multiple category and measurement models in IAS 39, *Financial Instruments – Recognition and Measurement* ("IAS 39") for debt instruments. IFRS 9 also replaces the models for measuring equity instruments, and such instruments are either recognized at fair value through profit or loss or at fair value through other comprehensive income (loss). Where such equity instruments are measured at fair value through other comprehensive income (loss), dividends are recognized in profit or loss to the extent not clearly representing a return of investment; however, other gains and losses (including impairments) associated with such instruments remain in accumulated comprehensive income (loss) indefinitely.

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss). IFRS 9 is effective for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company does not expect IFRS 9 to have a material impact on the consolidated financial statements.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounting Standards and Amendments Issued but Not Yet Applied (Continued)

IFRS 15, *Revenue from Contracts with Customers* ("IFRS 15"), was issued in May 2014, replacing IAS 11, *Construction Contracts*, IAS 18, *Revenue Recognition*, IFRIC 13, *Customer Loyalty Programmes*, IFRIC 15, *Agreements for the Construction of Real Estate*, IFRIC 18, *Transfers of Assets from Customers*, and SIC-31, *Revenue – Barter Transactions Involving Advertising Services*. IFRS 15 provides a single, principles based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17; financial instruments and other contractual rights or obligations within the scope of IFRS 9, IFRS 10, *Consolidated Financial Statements* and IFRS 11, *Joint Arrangements*.

In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The incremental costs of obtaining a contract must be recognized as an asset if the entity expects to recover these costs.

The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some nonfinancial assets that are not an output of the entity's ordinary activities. IFRS 15 is required for annual periods beginning on or after January 1, 2018. Earlier adoption is permitted. The Company is assessing the impact IFRS 15 will have on the consolidated financial statements.

IFRS 16, *Leases* ("IFRS 16"), was issued in January 2016. IFRS 16 requires lessees to recognize assets and liabilities for most leases. Application of the standard is mandatory for annual reporting periods beginning on or after January 1, 2019, although early adoption is permitted, provided the new revenue standard, IFRS 15, has been applied or is applied at the same time as IFRS 16. The Company is still evaluating the impact of IFRS 16 on the consolidated financial statements, the impact could be material.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

4. PROPERTY AND EQUIPMENT

For the Nine Months Ended November 30, 2017

	February 28, 2017	Additions (amortization)	Disposals and write-downs	November 30, 2017
Cost				
Computers	\$ 362,781	\$ -	\$ -	\$ 362,781
Furniture and fixtures	25,017	42,618	-	67,635
Leasehold improvements	-	125,524	-	125,524
Servers	3,715,660	-	(42,195)	3,673,465
Software	68,701	(68,701)	-	-
Telephones	16,502	-	-	16,502
Total cost	\$ 4,188,661	\$ 99,441	\$ (42,195)	\$ 4,245,907
Accumulated amortization				
Computers	\$ (355,135)	\$ (5,734)	\$ -	\$ (360,869)
Furniture and fixtures	(25,017)	(3,654)	-	(28,671)
Leasehold improvements	-	(13,213)	-	(13,213)
Servers	(3,715,660)	-	42,195	(3,673,465)
Software	(68,701)	68,701	-	-
Telephones	(16,502)	-	-	(16,502)
Total accumulated amortization	\$ (4,181,015)	\$ 46,100	\$ 42,195	\$ (4,092,720)
Carrying value				
Computers	\$ 7,646	\$ (5,734)	\$ -	\$ 1,912
Furniture and fixtures	-	38,964	-	38,964
Leasehold improvements	-	112,311	-	112,311
Servers	-	-	-	-
Software	-	-	-	-
Telephones	-	-	-	-
Total carrying value	\$ 7,646	\$ 145,541	\$ -	\$ 153,187

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

4. PROPERTY AND EQUIPMENT (Continued)

For the Year Ended February 28, 2017

	February 29, 2016	Additions (amortization)	Disposals and write-downs	February 28, 2017
Cost				
Computers	\$ 362,781	\$ -	\$ -	\$ 362,781
Furniture and fixtures	25,017	-	-	25,017
Servers	4,860,265	-	(1,144,605)	3,715,660
Software	68,701	-	-	68,701
Telephones	16,502	-	-	16,502
Total cost	\$ 5,333,266	\$ -	\$ (1,144,605)	\$ 4,188,661
Accumulated amortization				
Computers	\$ (328,518)	\$ (26,617)	\$ -	\$ (355,135)
Furniture and fixtures	(21,078)	(3,942)	-	(25,017)
Servers	(4,741,756)	(118,509)	1,144,605	(3,715,660)
Software	(68,701)	-	-	(68,701)
Telephones	(16,481)	(21)	-	(16,502)
Total accumulated amortization	\$ (5,176,534)	\$ (149,089)	\$ 1,144,605	\$ (4,181,015)
Carrying value				
Computers	\$ 34,263	\$ (26,617)	\$ -	\$ 7,646
Furniture and fixtures	3,942	(3,942)	-	-
Servers	118,509	(118,509)	-	-
Software	-	-	-	-
Telephones	21	(21)	-	-
Total carrying value	\$ 156,735	\$ (149,089)	\$ -	\$ 7,646

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	November 30, 2017	February 28, 2017
Trade payables	\$ 1,780,095	\$ 2,257,868
Accrued liabilities	581,066	608,792
	\$ 2,361,161	\$ 2,866,660

During the nine months ended November 30, 2017, the Company settled trade payables with a fair value of \$558,505 for cash payments of \$252,530, resulting in a gain on settlement of trade payables of \$305,975. During the year ended February 28, 2017, the Company settled trade payables with a fair value of \$862,773 through the issuance of 72,928 common shares at a weighted average price of \$0.28 per share, and cash payments of \$176,278, resulting in a gain on settlement of trade payables of \$666,263. In addition, the Company recognized a gain on the extinguishment of previously accrued interest of \$43,804, resulting in a total gain on settlement of debt of \$710,067 for the year ended February 28, 2017.

Peeks Social Ltd.

(Formerly Keek Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

6. SHARE CAPITAL

Authorized

Unlimited Preference shares, no stated dividend, non-participating, non-voting

Unlimited Common shares, no par value

The Company filed articles of amendment effective January 15, 2015, consolidating the common shares of the Company, on the basis of one (1) common share for every thirty (30) common shares. The share consolidation has been applied retrospectively for all periods presented.

In March 2017 3,302,000 warrants with an exercise price of \$0.30 were exercised into common shares of the Company on a one-for-one basis, including 434,000 exercised by Mark Itwaru, the CEO of the Company, resulting in gross proceeds of \$990,600 being received by the Company. The initial fair value assigned to these warrants of \$348,969 was reallocated from warrant reserve to share capital upon exercise.

Between March 21, 2017, and May 9, 2017, 1,300,000 warrants with an exercise price of \$0.25 were exercised into common shares of the Company on a one-for-one basis, resulting in gross proceeds of \$325,000 being received by the Company. The initial fair value assigned to these warrants of \$100,495 was reallocated from warrant reserve to share capital upon exercise.

On April 12, 2017, the Company completed a non-brokered private placement of 3,338,498 units at a price of \$0.90 per unit, including 555,000 units issued to Mark Itwaru, the CEO of the Company, for gross proceeds of \$3,004,648. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$1.10 per share for a period of 12 months from the closing date. The common share purchase warrants have an ascribed value of \$902,848. The Company paid \$44,820 in finder's fees to eligible arm's length parties in relation to this private placement.

On April 28, 2017, the Company completed a non-brokered private placement of 3,861,502 units at a price of \$0.90 per unit, for gross proceeds of \$3,475,352. Each unit is comprised of one common share and one common share purchase warrant. Each common share purchase warrant entitles the holder to purchase one additional common share at a price of \$1.10 per share for a period of 12 months from the closing date. The common share purchase warrants have an ascribed value of \$1,092,919. The Company paid \$13,500 in finder's fees to eligible arm's length parties in relation to this private placement.

On May 3, 2017, 7,000 options were exercised into common shares of the Company on a one-for-one basis. The options had an exercise price of \$0.30 per share, resulting in gross proceeds of \$2,100 being received by the Company. The initial fair value assigned to these options of \$1,225 was reallocated from contributed surplus to share capital upon exercise.

On June 6, 2017, 60,000 options were exercised into common shares of the Company on a one-for-one basis. The options had an exercise price of \$0.30 per share, resulting in gross proceeds of \$18,000 being received by the Company. The initial fair value assigned to these options of \$10,502 was reallocated from contributed surplus to share capital upon exercise.

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Notes to the Condensed Consolidated Interim Financial Statements

Nine Months Ended November 30, 2017 and 2016

(Expressed in Canadian Dollars)

(Unaudited)

6. SHARE CAPITAL (Continued)

Warrants

The fair value of warrants of \$1,955,767, (2017 - \$632,276) issued upon the non-brokered private placement financings was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	November 30, 2017	February 28, 2017
Risk free interest rate (%)	0.74	0.54
Expected volatility (%)	139	235
Expected life (in years)	1.00	1.00
Expected dividends	Nil	Nil
Weighted average share price	\$0.85	\$0.28

A summary of the status of the Company's warrants is presented below:

	Nine Months Ended November 30, 2017		Year Ended February 28, 2017	
	Number of Warrants	Weighted Average Exercise Price	Number of Warrants	Weighted Average Exercise Price
Beginning balance	8,302,000	\$ 0.27	7,000,000	\$ 0.25
Granted	7,200,000	\$ 1.10	6,000,000	\$ 0.30
Exercised	(4,602,000)	\$ 0.29	(4,698,000)	\$ 0.28
Ending balance	10,900,000	\$ 0.81	8,302,000	\$ 0.27

The Company had the following warrants outstanding at November 30, 2017:

Number of Warrants	Exercise Price	Expiry Date	Ascribed Value
2,367,000	\$0.25	August 14, 2018	\$ 167,050
1,333,000	\$0.25	September 3, 2018	129,097
3,338,498	\$1.10	April 12, 2018	902,848
3,861,502	\$1.10	April 28, 2018	1,092,919
10,900,000			\$ 2,291,914

Stock Option Plan

The Company has a stock option plan (the "Plan") which provides for the issuance of stock options to directors, officers, employees, consultants, and preferred partners with exercise prices not less than the discounted market price on the date of grant. The Plan restricts the maximum number of stock options authorized by the Board of Directors for issuance at any one time to 20% of the issued and outstanding common shares of the Company, being 12,395,254 as at November 30, 2017. Options granted under the Stock Option Plan to persons who do not perform investor relations activities for the Company vest over a period as determined by the Board of Directors. Options granted to consultants performing investor relations activities vest in stages over 12 months with no more than one quarter of the options vesting in any three month period.

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6. SHARE CAPITAL (Continued)

Stock Option Plan (Continued)

The following summarizes the stock option activities under the Plan:

	Nine Months Ended November 30, 2017		Year Ended February 28, 2017	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Beginning balance	6,731,495	\$ 1.26	3,385,824	\$ 1.49
Granted	650,000	\$ 0.60	4,970,000	\$ 1.12
Expired/Cancelled	(114,166)	\$ 2.26	(771,329)	\$ 1.83
Exercised	(67,000)	\$ 0.30	(853,000)	\$ 0.88
Ending balance	7,200,329	\$ 1.19	6,731,495	\$ 1.26
Exercisable	6,680,329	\$ 1.24	4,786,495	\$ 1.13

The Company had the following options outstanding at November 30, 2017:

Exercise Price	Options Outstanding	Weighted Average Contractual Life	Weighted Average Exercise Price	Options Exercisable	Weighted Average Exercise Price (Exercisable)
\$0.30	2,215,000	3.37 years	\$0.30	2,215,000	\$0.30
\$0.60	650,000	4.83 years	\$0.60	130,000	\$0.60
\$1.00	80,000	2.16 years	\$1.00	80,000	\$1.00
\$1.12	1,815,000	2.76 years	\$1.12	1,815,000	\$1.12
\$2.00	2,295,000	3.98 years	\$2.00	2,295,000	\$2.00
\$3.00	14,999	1.15 years	\$3.00	14,999	\$3.00
\$4.80	11,666	1.38 years	\$4.80	11,666	\$4.80
\$5.10	113,666	1.66 years	\$5.10	113,666	\$5.10
\$15.00	1,666	0.59 years	\$15.00	1,666	\$15.00
\$30.00	3,332	1.70 years	\$30.00	3,332	\$30.00
	7,200,329	3.49 years	\$1.19	6,680,329	\$1.24

Maximum Share Dilution

The following table presents the maximum number of shares that would be outstanding if all outstanding stock options and warrants were exercised or converted into common shares.

	November 30, 2017	February 28, 2017
Common shares outstanding	61,976,271	50,107,271
Stock options outstanding to purchase common shares	7,200,329	6,731,495
Warrants outstanding to purchase common shares	10,900,000	8,302,000
Fully diluted common shares outstanding	80,076,600	65,140,766

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7. SHARE-BASED PAYMENTS

The total compensation expense relating to share-based payments granted to directors, officers, employees, and service consultants for the three and nine months ended November 30, 2017, was \$192,532 and \$1,110,067, respectively (November 30, 2016 - \$850,187 and \$1,221,479, respectively), which is included in salaries and benefits with a corresponding charge to contributed surplus. In the absence of a reliable measurement of the fair value of the services received from service consultants and preferred partner consultants, the services have been measured at the fair value of the options issued.

The fair value of the stock options was determined using the Black-Scholes option pricing model. The expected volatility is based on comparable companies in the industry. The weighted average fair value of options granted during the nine months ended November 30, 2017, was \$0.32 per option. The weighted average fair value of options granted during the year ended February 28, 2017, was \$0.60 per option.

The fair value of stock options was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	November 30, 2017	February 28, 2017
Risk free interest rate (%)	1.77	0.88
Expected volatility (%)*	100	100
Expected life (in years)	5.00	5.00
Expected dividends	Nil	Nil
Forfeiture rate (%)	Nil	Nil
Weighted average share price	\$0.45	\$0.85

*Based on comparable companies in the industry

8. SECURED NOTES

The secured notes (the "Notes") bear interest at a rate of 12% per annum on the principal amount outstanding and are repayable twelve months from the date issued. The Notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company.

On November 24, 2015, \$100,000 principal amount Notes matured. These Notes were originally issued in November 2014 and remain outstanding as at November 30, 2017, with interest continuing to be accrued.

There were no changes to the principal liability balance of the Notes during the nine months ended November 30, 2017, or the year ended February 28, 2017. During the nine months ended November 30, 2017, the Company expensed a total of \$9,000 (November 30, 2016 - \$9,000) in interest related to the Notes, which is included in accounts payable and accrued liabilities.

9. RELATED PARTY TRANSACTIONS

Related party transactions are in the normal course of business and are measured at the exchange amount which is the amount of consideration established by and agreed to by the related parties. Related party transactions for the nine months ended November 30, 2017, are as follows:

a) During the nine months ended November 30, 2017, the Company paid \$225,000 (November 30, 2016 - \$222,043) in consulting fees to Riavera Corp., a significant shareholder ("Riavera"), in relation to management consulting and technology integration services.

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9. RELATED PARTY TRANSACTIONS (Continued)

b) During the nine months ended November 30, 2017, the Company accrued \$352,488 (November 30, 2016 - \$3,434), of licensing revenue due from Personas.com Corporation ("Personas"), a subsidiary of Riavera, which is included in accounts receivable. During the nine months ended November 30, 2017, the Company collected \$52,584 of licensing revenue from Personas relating to the year ended February 28, 2017. Personas has a non-exclusive license to use, enhance, and monetize the Company's technology platforms. Pursuant to the licensing agreement, Personas pays to the Company 30% of the gross profit earned through the use of the Company's platforms.

c) During the nine months ended November 30, 2017, the Company paid \$48,225 of rent to Personas (November 30, 2016 - \$15,000). The Company ceased paying rent to Personas on September 1, 2017.

d) See note 6 for information relating to shares and warrants issued to the CEO of the Company.

e) See note 6 for information relating to warrants exercised by the CEO of the Company.

f) On July 4, 2017, and August 1, 2017, the Company issued short-term loans to Personas with a principal amount of \$200,000 and \$300,000, respectively, to facilitate a joint product initiative and fund broadcaster payouts relating to the "Peeks Social" livestreaming mobile product. The loans bear interest at 5% per annum and were due on December 31, 2017. The due date was subsequently extended to February 28, 2018. The Company accrued \$7,822 of interest on the loans during the nine months ended November 30, 2017, which is included in accounts receivable as at November 30, 2017.

g) During the nine months ended November 30, 2017, the Company incurred \$591,081 in costs relating to the establishment and defense of certain intellectual property rights pertaining to the "Peeks" brand and product. The technology platform licensing agreement between the Company and Personas provides the Company with indemnities relating to the use of certain intellectual property rights and costs associated with the defense of its use, and therefore the Company has included this amount as part of other receivables and deposits, being due and receivable from Personas.

h) During the nine months ended November 30, 2017, the Company paid broadcasters on the "Peeks Social" platform a net amount of \$134,735, which are amounts due from Personas and included in other receivables as at November 30, 2017.

10. COMMITMENTS

The Company is committed to a lease of a premises at 1 Eglinton Avenue East, Suites 300, 401, and 416, in Toronto, Ontario. The lease of Suite 300 commenced on August 15, 2013, and ends on November 30, 2023. The lease of Suites 401 and 416 commenced on December 1, 2014, and ended on December 31, 2017. As at November 30, 2017, future minimum lease payments and estimated taxes, maintenance, and insurance payments over the remaining course of the lease are approximately as follows:

	Minimum lease payments	Taxes, Maintenance, and Insurance (estimated)	Total estimated commitment
Less than one year	\$ 302,382	\$ 351,761	\$ 654,143
Between one and five years	1,220,396	1,407,045	2,627,441
More than five years	305,099	351,761	656,860
	\$ 1,827,877	\$ 2,110,567	\$ 3,938,444

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10. COMMITMENTS (Continued)

The Company is also committed to a lease of a premises at 181 University Ave, Suite 2000, in Toronto, Ontario. The lease commenced on September 1, 2017, and ends on May 30, 2019. The Company prepaid \$587,122 of rent in relation to this lease in July 2017. As at November 30, 2017, \$503,247 of this is included in prepaid expenses and classified between current and long-term portions as \$335,498 and \$167,749, respectively. There are no future minimum lease payments over the course of the lease.

11. LEGAL PROCEEDINGS

The Company, in the course of its normal operations, is subject to claims, lawsuits, and contingencies. Accruals are made in instances where it is probable that liabilities may be incurred and where such liabilities can be reasonably estimated. Although it is possible that liabilities may be incurred in instances for which no accruals have been made, the Company has no reason to believe that the ultimate outcome of these matters would have a significant impact on its consolidated financial position.

During the year ended February 28, 2017, a claim was initiated against the Company regarding finder's fees for brokering investments and business partnerships. The Plaintiff claimed damages in the amount of \$15,650,000. The Company is defending the lawsuit and believes the claim is completely without merit. Although the outcome of the claim is not determinable, Management strongly believes the financial impact is insignificant and has accrued the estimated financial effect. The claim remains outstanding as at November 30, 2017.

During the year ended February 28, 2017, the Company was named as a co-defendant in a claim regarding the use of certain intellectual property in the European Union. The Company negotiated co-existence arrangements with the claimants resulting in the claim being settled during the three months ended November 30, 2017.

During the nine months ended November 30, 2017, a claim was initiated which names the Company as a co-defendant and alternate remedy for unspecified damages. The claim is in relation to a dispute over the ownership of shares and warrants of the Company between two arm's length parties. Although the outcome of the claim is not determinable, management believes the financial impact to the Company is insignificant. The claim remains outstanding as at November 30, 2017, however the proceedings were stayed as of the date of these financial statements.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The carrying value of cash, accounts receivable, other receivables and deposits, and accounts payable and accrued liabilities approximate fair values due to the short-term maturities of these instruments. Fair value represents the amount that would be exchanged in an arm's length transaction between willing parties and is best evidenced by a quoted market price, if one exists. The fair values of the secured notes and loans receivable approximate their carrying amounts as they bear terms similar to that of comparable instruments.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(a) Fair Values (Continued)

The Company follows a three-tier categorization for its financial instruments as a framework for disclosing fair value based upon inputs used to value the Company's investments. The hierarchy is summarized as:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets and liabilities
- Level 2 – inputs that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) from observable market data
- Level 3 – inputs for assets and liabilities not based upon observable market data

As at November 30, 2017, and February 28, 2017, cash was carried at Level 1 in the fair value hierarchy.

(b) 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's interest rate risk is primarily related to the Company's interest-bearing debts on its consolidated statements of financial position. The secured notes bear interest at a fixed rate of 12%, and as such, are not subject to cash flow interest rate risk resulting from market fluctuations thereby minimizing the Company's exposure to cash flow interest rate risk.

(c) Foreign Currency Risk

The Company is subject to foreign exchange rate risk as it enters into transactions denominated in currencies other than the Company's functional currency, which is the Canadian dollar. The maximum exposure to foreign currency risk is equal to amounts held in foreign currencies at the Statement of Financial Position date. As at November 30, 2017, the Company carried net current liabilities of CDN\$418,178 in USD\$ (February 28, 2017 - CDN\$876,147 in USD\$). Accordingly, a 5% change in the US dollar exchange rate as at November 30, 2017, would have resulted in an exchange gain or loss of CDN\$20,909 (February 28, 2017 - exchange gain or loss of CDN\$43,807).

(d) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk through the management of its capital structure as outlined in Note 12(f) to the condensed consolidated interim financial statements. The Company has minimal revenue from operations and relies on equity and debt funding to support its development and corporate activities. Should the need for further equity or debt funding arise, there is a risk that the Company may not be able to sell new common shares at an acceptable price or debt instruments at an acceptable interest rate level.

Accounts payable and accrued liabilities and secured notes are due within the current operating period. As at November 30, 2017, the Company had total cash of \$1,365,247 (February 28, 2017 - \$943,223) to settle current liabilities of \$2,461,161 (February 28, 2017 - \$2,966,660) and finance future operations. As a result, the Company is exposed to liquidity risk.

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12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(e) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge their obligations. Financial instruments that potentially expose the Company to this risk consist of cash, accounts receivable, loans receivable, and other receivables and deposits. The Company's cash is on deposit with Canadian Tier 1 chartered banks therefore the associated credit risk is low. Accounts receivable are in the normal course of business. Other receivables and deposits includes sales taxes receivable and receivables from related parties which the Company has ongoing joint product initiatives. Loans receivable and the majority of accounts receivable and other receivables and deposits are concentrated insofar as they are all receivable from Personas. This concentration with one entity inherently increases the credit risk associated with these financial instruments.

(f) Capital Management

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, contributed surplus, warrants reserve, and deficit, which as at November 30, 2017, amounted to \$1,756,043 (February 28, 2017 - capital deficiency of \$1,730,363).

The Company's objectives when managing capital are: to safeguard its ability to continue as a going concern; and, to have sufficient capital to fund the development and operations of its social media products and technologies for the benefit of its shareholders.

There were no changes in the Company's management of its capital during the nine months ended November 30, 2017. The Company is not subject to any externally imposed capital requirements.

In order to maintain its capital structure, the Company is dependent on equity and/or debt funding and, when necessary, raises capital through the issuance of equity instruments, comprised of common shares, preference shares, warrants, and incentive stock options, and through the issuance of debt instruments. The Company reviews its capital management methods and requirements on an ongoing basis and makes adjustments accordingly.

13. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the nine months ended November 30, 2017:

- a) On December 27, 2017, 3,000,000 warrants with an exercise price of \$0.25 were exercised into common shares of the Company on a one-for-one basis by Personas, resulting in gross proceeds of \$750,000 being received by the Company.
- b) The Company collected \$160,000 of accounts receivable from Personas.