Peeks Social Ltd.
Consolidated Financial Statements
For the Years Ended February 28, 2018 and 2017
(Expressed in Canadian Dollars)

INDEPENDENT AUDITORS' REPORT

To the Shareholders of Peeks Social Ltd.

We have audited the accompanying consolidated financial statements of Peeks Social Ltd. and its subsidiaries, which comprise the consolidated statements of financial position as at February 28, 2018 and February 28, 2017 and the consolidated statements of loss and comprehensive loss, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Peeks Social Ltd. and its subsidiaries as at February 28, 2018 and February 28, 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter
Without qualifying our opinion, we draw attention to Note 1 in the consolidated financial statements which indicates the existence of material uncertainties that may cast significant doubt about Peeks Social Ltd.'s ability to continue as a going concern.

RSM Canada LLP

Chartered Professional Accountants
Licensed Public Accountants
June 28, 2018
Toronto, Ontario

Peeks Social Ltd.

Consolidated Statements of Financial Position
(Expressed in Canadian Dollars)

	February 28, 2018	February 28, 2017
Assets		
Current assets		
Cash	**$ 744,197**	$ 943,223
Accounts receivable	**59,925**	115,238
Other receivables and deposits	**211,482**	44,524
Short-term investments (Note 6)	**100,000**	-
Prepaid expenses (Note 14)	**409,308**	62,645
	1,524,912	1,165,630
Prepaid expenses (Note 14)	**135,622**	51,747
Intangible assets	**5,088**	11,274
Property and equipment (Note 4)	**126,128**	7,646
Advances to Personas (Note 11(b))	**2,004,704**	-
	$ 3,796,454	$ 1,236,297
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	**$ 2,614,187**	$ 2,866,660
Secured notes (Note 9)	**100,000**	100,000
	2,714,187	2,966,660
Shareholders' Equity (Deficiency)		
Share capital (Note 7)	**63,447,608**	56,236,817
Contributed surplus	**21,670,240**	20,572,957
Warrants reserve (Note 7)	**2,053,927**	745,611
Deficit	**(86,089,508)**	(79,285,748)
	1,082,267	(1,730,363)
	$ 3,796,454	$ 1,236,297

Nature of Operations and Going Concern (Note 1)
Related Party Transactions (Note 11)
Commitments (Note 14)
Subsequent Events (Note 17)

Approved on Behalf of the Board

(Signed) "Mark Itwaru"	(Signed) "William Lavin"
Mark Itwaru, Director	**William Lavin, Director**

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

Peeks Social Ltd.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended February 28, 2018 and 2017
(Expressed in Canadian Dollars)

	Year Ended February 28, 2018	2017
Revenue		
Licensing revenue (Note 11(b))	**$ 488,163**	$ 52,584
Advertising revenue	**10,755**	43,337
	498,918	95,921
Expenses		
Advertising and marketing	**2,809,653**	175,579
Salaries and benefits (Note 8)	**2,219,477**	3,042,567
Consulting fees (Note 11(a))	**1,197,425**	473,838
Office and general	**368,952**	251,952
Professional fees	**310,824**	215,956
Internet and communications	**446,295**	580,512
Occupancy costs	**261,956**	122,205
Amortization	**55,845**	155,278
Translation and software licensing	**16,772**	61,428
Gain on disposal of long-lived assets	**(10,000)**	(77,494)
Foreign exchange (gain) loss	**(51,723)**	42,291
	7,625,476	5,044,112
Other expenses (income)		
Interest expense	**9,176**	27,220
Interest income	**(22,011)**	(6,165)
Gain on settlement of debts (Note 5)	**(309,963)**	(710,067)
	(322,798)	(689,012)
Net loss and comprehensive loss for the year	**$ (6,803,760)**	$ (4,259,179)
Net loss per share		
Basic and diluted	**$ (0.11)**	$ (0.10)
Weighted average number of common shares outstanding		
Basic and diluted	**61,089,342**	44,627,455

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

Peeks Social Ltd.
Consolidated Statements of Changes in Equity
For the Years Ended February 28, 2018 and 2017
(Expressed in Canadian Dollars)

	Common shares Number	Common shares Amount	Contributed surplus	Warrants reserve	Deficit	Total
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 year	-	-	-	-	(4,259,179)	(4,259,179)
Share-based payments (Note 8)	-	-	2,124,626	-	-	2,124,626
Issuance of units (Note 7)	6,000,000	844,249	-	632,276	-	1,476,525
Issuance of shares for settlement of debt and trade payables (Note 7)	13,910,995	3,479,749	-	-	-	3,479,749
Issuance of shares for services (Note 7)	80,000	20,000	-	-	-	20,000
Exercise of warrants (Note 7)	4,698,000	1,744,163	-	(434,763)	-	1,309,400
Exercise of options (Note 7)	853,000	1,293,993	(543,293)	-	-	750,700
Balance at February 28, 2017	**50,107,271**	**$ 56,236,817**	**$ 20,572,957**	**$ 745,611**	**$ (79,285,748)**	**$ (1,730,363)**
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 year	-	-	-	-	(6,803,760)	(6,803,760)
Share-based payments (Note 8)	-	-	1,109,010	-	-	1,109,010
Issuance of units (Note 7)	7,200,000	4,425,913	-	1,995,767	-	6,421,680
Exercise of warrants (Note 7)	7,602,000	2,753,051	-	(687,451)	-	2,065,600
Exercise of options (Note 7)	67,000	31,827	(11,727)	-	-	20,100
Balance at February 28, 2018	**64,976,271**	**$ 63,447,608**	**$ 21,670,240**	**$ 2,053,927**	**$ (86,089,508)**	**$ 1,082,267**

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

Peeks Social Ltd.

Consolidated Statements of Cash Flows
For the Years Ended February 28, 2018 and 2017
(Expressed in Canadian Dollars)

	Year Ended	
	February 28, 2018	February 28, 2017
Cash flows used in operating activities		
Net loss for the year	**$ (6,803,760)**	$ (4,259,179)
Items not affecting cash:		
Share-based payments (Note 8)	**1,109,010**	2,124,626
Amortization	**55,845**	155,278
Accrued interest	**(1,178)**	26,632
Issuance of shares for services	**-**	20,000
Accrued licensing revenue (Note 11(b))	**(488,163)**	-
Gain on disposal of property and equipment	**(10,000)**	(77,494)
Gain on settlement of debts (Note 5)	**(309,963)**	(710,067)
Changes in non-cash working capital items		
Accounts receivable	**55,313**	(33,486)
Other receivables and deposits	**(166,958)**	(36,254)
Prepaid expenses	**(430,538)**	30,130
Accounts payable and accrued liabilities	**58,669**	11,627
Net cash used in operating activities	**(6,931,723)**	(2,748,187)
Cash flows generated from financing activities		
Issuance of units, net of costs (Note 7)	**6,421,680**	1,361,157
Proceeds from warrants exercised (Note 7)	**2,065,600**	1,309,400
Proceeds from options exercised (Note 7)	**20,100**	750,700
Issuance of short-term loans (Note 11 (l))	**-**	(200,000)
Repayment of short-term loans (Note 11 (l))	**-**	200,000
Advances of short term debt (Note 11 (h and k))	**-**	190,000
Repayments of short term debt (Note 11 (h and k))	**-**	(100,000)
Net cash generated from financing activities	**8,507,380**	3,511,257
Cash flows (used in) generated from investing activities		
Proceeds from disposal of property and equipment	**10,000**	77,494
Purchase of property and equipment	**(168,142)**	-
Purchase of short-term investments (Note 6)	**(100,000)**	-
Advances to Personas (Note 11(b))	**(1,516,541)**	-
Net cash (used in) generated from investing activities	**(1,774,683)**	77,494
Net increase in cash	**(199,026)**	840,564
Cash, beginning of year	**943,223**	102,659
Cash, end of year	**$ 744,197**	$ 943,223
Supplemental cash flow information		
Cash paid for interest	**$ -**	$ 648
Issuance of shares for settlement of debt and trade payables	**$ -**	$ 3,467,749

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

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 consolidated 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 consolidated financial statements for the years ended February 28, 2018 and 2017, include the financial position and results of Peeks and its wholly-owned subsidiaries Keek Ontario and Primary Petroleum Canada Corporation ("PPCC").

Going Concern

While these consolidated 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.

1. NATURE OF OPERATIONS AND GOING CONCERN (Continued)

Going Concern (Continued)

During the year ended February 28, 2018, the Company incurred a net loss of $6,803,760 (February 28, 2017 - $4,259,179) and, as of that date, the Company had accumulated a deficit of $86,089,508 (February 28, 2017 - $79,285,748) and negative cash flows from operations of $6,931,723 (February 28, 2017 - $2,748,187). 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 consolidated 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 consolidated 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.

These consolidated financial statements were approved and authorized for issue by the Board of Directors on June 28, 2018.

Basis of Presentation

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

These consolidated 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.

Principles of Consolidation

These consolidated 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.

2. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgments

Critical accounting estimates

The preparation of financial statements in accordance with IFRS requires Management to make estimates, judgments, and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The consolidated financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements, and may require accounting adjustments based on future occurrences.

The estimates and underlying assumptions are reviewed on a regular basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

The key sources of estimation uncertainty at the statement of financial position date, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Fair value of share-based compensation and warrants

The Company determines the fair value of options and warrants granted using the Black-Scholes option pricing model. Option pricing models require the input of highly subjective assumptions, including the risk free interest rate, expected share volatility, expected dividend yield and expected life. Changes in these assumptions can materially affect the fair value estimate.

Useful life of property and equipment

The useful life of property and equipment has been determined by Management to reflect its usage and economic life.

Provisions

Accounting for provisions including assessments of possible legal contingencies and onerous contracts requires judgement whether or not a present obligation is probable. The nature and type of risks for these provisions differ and judgement is applied regarding the nature and extent of obligations in deciding if an outflow of resources is probable or not. Onerous contract provisions are recognized where the unavoidable costs of meeting the obligations under a contract exceed the economic benefits expected to be received under it.

Critical judgments in applying accounting policies

In the preparation of these financial statements, Management has made judgments, aside from those that involve estimates, in the process of applying the accounting policies. These judgments can have an effect on the amounts recognized in the consolidated financial statements.

2. BASIS OF PREPARATION (Continued)

Critical Accounting Estimates and Judgments (Continued)

Critical judgments in applying accounting policies (Continued)

Deferred tax assets and liabilities

Management is required to apply judgment in determining whether it is probable that deferred income tax assets will be realized. At February 28, 2018 and 2017, management had determined that future realization of its deferred income tax assets did not meet the threshold of being probable, and as such, has not recognized any deferred income tax assets in the Statements of Financial Position. In addition, the measurement of income taxes payable and deferred income tax assets and liabilities requires management to make judgments in the interpretation and application of the relevant tax laws. The actual amount of income taxes only becomes final upon filing and acceptance of the tax return by the relevant authorities, which occurs subsequent to the issuance of the consolidated financial statements.

Provisions for impairment of accounts receivable, other receivables, and loans receivable

The policy for provisions for impairment of accounts receivable, other receivables, and loans receivable of the Company is based on the evaluation of collectability and on management's judgment. A considerable amount of judgment is required in assessing the ultimate realization of these receivables, including the current creditworthiness and the past collection history.

Management is required to use judgment in assessing the collectability of accounts receivable, other receivables, and loans receivable. Factors considered in making these judgments include but are not limited to age of the receivable, payment history and financial condition of the debtor. If the financial conditions of the debtors of the Company were to deteriorate, resulting in an impairment of their ability to make payments, allowances may be required.

Compound financial instruments

Management is required to apply judgment in determining the classification of the components of compound financial instruments between liability, embedded derivative liabilities, and equity components. Factors considered in making these judgments include but are not limited to the terms and conditions of conversion features or incentive equity instruments granted in conjunction with the financial instrument.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies set out below have been applied consistently to all periods presented in these financial statements, unless otherwise noted.

Revenue Recognition

The Company generates licensing revenue (Note 11(b)) from the use of the Company’s technology platform. Licensing revenues are recognized on a periodic basis when all of the following conditions are met:

i) The amount of revenue can be measured reliably; and

ii) It is probable that the economic benefits associated with the transaction will flow to the Company. Revenue is recognized once the e-commerce activity within its social media platforms occurs.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

The Company also generates revenue through the serving of advertising units on its social media platform. Sales are completed through one of the following channels: Direct Sales; Ad Networks; and Programmatic.

The Company recognizes advertising revenue by reference to the stage of completion when all of the following conditions are met:

i) The amount of revenue can be measured reliably;

ii) It is probable that the economic benefits associated with the transaction will flow to the Company;

iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably.

Stage of completion is measured by reference to the number of advertising unit impressions delivered to the end of a reporting period, which is divided by the total number of impressions ordered as part of an advertising campaign.

Foreign Currency Translation

Transactions in foreign currencies are initially recorded in the functional currency at the transaction date exchange rate. At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated to Canadian dollars at foreign exchange rates prevailing at the statement of financial position date. These foreign exchange differences arising on translation are recognized in net income (loss). Non-monetary assets, liabilities, and shareholders' equity that are measured in a foreign currency at historical cost are translated using the exchange rate at the date of the transaction.

Financial Instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument. At initial recognition, the Company classifies its financial instruments, depending on the purpose for which the instruments were acquired, as follows:

(i) *Financial assets and liabilities at fair value through profit or loss*: A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short term. Cash and short-term investments are designated as fair value through profit or loss. Financial instruments in this category are recognized initially and subsequently at fair value. Gains and losses arising from changes in fair value are presented in the statement of loss in the period in which they arise. Transaction costs are expensed in the statement of loss.

(ii) *Available-for-sale investments*: Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. Available-for-sale investments are recognized initially at fair value plus transaction costs and are subsequently carried at fair value. Gains or losses arising from changes in fair value are recognized in other comprehensive income (loss). When an available-for-sale investment is sold or impaired, the accumulated gains or losses are moved from accumulated other comprehensive income to the statement of loss and are included in other gains and losses.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Instruments (Continued)

(iii) *Loans and receivables*: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables includes accounts receivable and advances to Personas. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Transaction costs are included in the initial amount of the asset. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, which generally corresponds to cost, less a provision for impairment.

(iv) *Other financial liabilities*: Other financial liabilities are financial liabilities that are not classified as financial liabilities at fair value through profit or loss. Other financial liabilities include accounts payable and accrued liabilities and secured notes. Other financial liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Transaction costs are included in the initial amount of the liability. Subsequently, other financial liabilities are measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of an instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash outflows (including all transaction costs and other premiums or discounts) through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of Financial Assets

At each reporting date, the Company assesses whether there is objective evidence that a financial asset is impaired. If such evidence exists, the Company recognizes an impairment loss on the financial asset which is carried at amortized cost. The loss is determined as the difference between the amortized cost of the financial asset and the present value of the estimated future cash flows, discounted using the financial asset's original effective interest rate. The carrying value of the asset is reduced by this amount indirectly through the use of an allowance account. Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

Property and Equipment

Property and equipment are recorded at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. When equipment includes significant components with different useful lives, those components are accounted for as separate items of equipment and amortized separately.

Amortization is provided so as to write-off the cost less residual value of each item of equipment over its expected useful life at the following annual rates:

Computers	2 years	Straight line
Furniture and fixtures	2 years	Straight line
Leasehold improvements	Term of the lease	Straight line
Servers	3 years	Straight line
Software	2 years	Straight line
Telephone	2 years	Straight line

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Intangible Assets

Intangible assets are stated at cost less accumulated amortization and accumulated impairment losses. All intangible assets are considered to have a finite life and are measured at acquisition cost. These assets are amortized on a straight line basis over their estimated useful lives at the following rates:

Domain names	7 years	Straight line

Impairment of Non-Financial Long-lived Assets

Long-lived assets which include property and equipment and intangible assets are reviewed for impairment annually or at any time an indicator of impairment exists. Long-lived assets are allocated to each cash generating unit ("CGU"), or group of CGUs, that are expected to benefit from the assets. A CGU represents the smallest identifiable group of assets that generates cash flows that are largely independent of the cash flows from other assets or groups of assets. The Company evaluates impairment losses for potential reversals when events or circumstances warrant such consideration.

Impairment of long-lived assets is tested by comparing each CGU’s carrying amount, to the recoverable amount of the CGU. If the carrying amount of the CGU exceeds its recoverable amount, the recoverable amount of the CGU’s long-lived asset is compared with its carrying amount to measure the amount of any impairment loss. The recoverable amount is the higher of an asset’s or CGU's fair value less costs of disposal or its value in use. Fair value less costs of disposal is the amount obtainable from the sale of an asset or CGU in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of the future cash flows expected to be derived from an asset or CGU. Any impairment loss is expensed in the Statement of Comprehensive Loss. Impairment losses recognized in respect of CGUs are allocated to reduce the carrying value of long-lived assets allocated to the units to their fair value.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. When an impairment loss is subsequently reversed, the carrying amount of the asset is increased to the revised estimate of its recoverable amount so that the increased carrying amount does not exceed the carrying amount that would have been recorded had no impairment losses been recognized for the asset in prior years.

Research and Development Costs

The Company incurs costs associated with the design and development of its social media platforms. Expenditures during the research phase are expensed as incurred. Expenditures during the development phase are capitalized if the Company can demonstrate each of the following criteria: (i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (ii) its intention to complete the intangible asset and use or sell it; (iii) its ability to use or sell the intangible asset; (iv) how the intangible asset will generate probable future economic benefits; (v) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (vi) its ability to measure reliably the expenditure attributable to the intangible asset during its development; otherwise, they are expensed as incurred. To date, no product development costs have been capitalized.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment Tax Credits

The Company applies for investment tax credits in relation to Scientific Research and Experimental Development ("SR&ED") expenditures incurred. An estimate of the refundable investment tax credits is recorded in the period the expenditures are incurred provided there is reasonable assurance that the investment tax credits will be realized. The expenditures incurred are reduced by the amount of the estimated investment tax credits.

The Company claims SR&ED deductions and related investment tax credits for tax purposes based on management's interpretation of the applicable legislation in the Income Tax Act of Canada. These claims are subject to audit by the Canada Revenue Agency and any adjustments that results could affect investment tax credits recorded in the consolidated financial statements. In the opinion of management, the treatment of research and development for income tax purposes is appropriate. During the years ended February 28, 2018 and 2017, the Company did not recognize any amount relating to investment tax credits. As at February 28, 2018 and 2017, there were no investment tax credits receivable.

Leases

Leases in which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Lease payments are apportioned between interest expense and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Operating lease payments are recognized as an operating expense in the statements of loss and comprehensive loss on a straight-line basis over the term of the lease.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are measured based on management's best estimate of the expenditure required to settle the obligation at the end of the reporting period, and are discounted to present value where the effect is material. Additionally, the Company performs evaluations to identify onerous contracts and, where applicable, records provisions for such contracts.

Compound Financial Instruments

Secured notes and convertible debentures contain both a liability component and an equity component (represented by the incentive warrants and conversion features respectively). The secured notes are separated into their liability and equity components on the consolidated statement of financial position. The liability component is initially recognized at fair value, calculated as the net present value of the liability based upon non-convertible debt issued by comparable issuers without incentive warrants and accounted for at amortized cost using the effective interest rate method. The effective interest rate used is the estimated rate for non-convertible debt with similar terms at the time of issue. The fair value of the liability component is accreted to the original face value of the debt over the respective terms of the debt instrument and charged to operations as interest and accretion expense based on the effective interest method. The value of the equity component (the warrants or conversion feature as applicable) is accounted for at the time of issue as the difference between the face value of the liability component and the fair value of the liability component.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compound Financial Instruments (Continued)

Convertible debentures may contain both a liability component and an embedded derivative conversion liability component (represented by the conversion feature). Convertible debentures are separated into their liability and derivative liability components, when measurable, on the consolidated statement of financial position. The derivative conversion liability component is initially measured at the fair value of the conversion feature. The value of the host liability component is accounted for at the time of issue as the residual amount after deducting the value of the derivative conversion liability component from the face value of the instrument. The fair value of the host liability component is accreted to the original face value of the debt over the respective terms of the debt instrument and charged to operations as interest and accretion expense based on the effective interest method.

Share-Based Payments

The Company has a stock option plan for directors, officers, employees and consultants. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. For employees and those performing employee like services the fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model (Note 8). For non-employees, the fair value of each tranche is measured based on the fair value of the goods or services received, unless that fair value cannot be estimated reliably, in which case, the Company measures their value based on the fair value of the equity instruments granted. Compensation expense is recognized over the tranche's vesting period based on the number of awards expected to vest with the offset credited to contributed surplus. The number of awards expected to vest is reviewed quarterly with any impact being recognized immediately.

Consideration received upon the exercise of stock options is credited to share capital and the fair value attributed to these options is transferred from contributed surplus to share capital.

Share Capital

Incremental costs directly attributable to the issuance of common shares are recognized as a deduction, net of tax, from the proceeds in share capital in the period the transaction occurs.

Warrants

Proceeds from unit placements are allocated between common shares and warrants issued on a pro rata basis of their respective fair value within the unit, using the Black-Scholes options pricing model to determine the fair value of warrants issued.

Modification of Warrants

The Company may subsequently modify the original terms of warrants granted in relation to a financing arrangement. When modifications exist, the Company will maintain the original fair value of the warrant.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Income Taxes

The Company uses the asset and liability method to account for income taxes. Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities for accounting purposes and their respective tax bases. Deferred income tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted and applied to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred income tax assets and liabilities of a change in statutory tax rates is recognized in net loss in the year of change. Deferred income tax assets are recorded when their recoverability is considered probable and is reviewed at the end of each reporting period.

Loss per Share

Basic loss per share is calculated by dividing the net loss for the period by the weighted average number of common shares outstanding during the period. Diluted loss per share is calculated similar to basic loss per share except that the weighted average number of shares outstanding are increased to include additional common shares that would have been outstanding if potentially dilutive common shares had been issued during the period. The number of additional shares is calculated by assuming that convertible debentures were converted and outstanding stock options and warrants were exercised and that proceeds from such exercises were used to acquire common shares at the average market price during the year. When a net loss is incurred, basic and diluted loss per share are the same because the conversion of convertible debentures and the exercise of options and warrants are anti-dilutive.

Adoption of New or Amended Accounting Standards

The Company did not adopt any new standards or interpretations during the year ended February 28, 2018. The Company adopted certain amendments to standards which resulted in no impact to the consolidated 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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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.

(Expressed in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

For the Year Ended February 28, 2018

	February 28, 2017	Additions (amortization)	Disposals and write-downs	**February 28, 2018**
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	$ 168,142	$ (110,896)	**$ 4,245,907**
Accumulated amortization				
Computers	$ (355,135)	$ (7,646)	$ -	**$ (362,782)**
Furniture and fixtures	(25,017)	(8,981)	-	**(33,998)**
Leasehold improvements	-	(33,033)	-	**(33,033)**
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)	$ (49,660)	$ 110,896	**$ (4,119,780)**
Carrying value				
Computers	$ 7,646	$ (7,646)	$ -	**$ -**
Furniture and fixtures	-	33,637	-	**33,637**
Leasehold improvements	-	92,491	-	**92,491**
Servers	-	-	-	**-**
Software	-	-	-	**-**
Telephones	-	-	-	**-**
Total carrying value	$ 7,646	$ 118,482	$ -	**$ 126,128**

(Expressed in Canadian Dollars)

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:

	February 28, 2018	February 28, 2017
Trade payables	**$ 1,966,374**	$ 2,257,868
Accrued liabilities	**647,813**	608,792
	$ 2,614,187	$ 2,866,660

During the year ended February 28, 2018, the Company settled trade payables with a fair value of $569,627 for cash payments of $259,664, resulting in a gain on settlement of trade payables of $309,963.

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, during the year ended February 28, 2017, 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.

(Expressed in Canadian Dollars)

6. SHORT-TERM INVESTMENTS

During the year ended February 28, 2018, pursuant to a capital offering, the Company acquired 506,414 class A preferred shares and warrants to purchase 101,282 common shares of Enthusiast Gaming Inc., for $100,000. The warrants have an exercise price of $0.197 and expire two years from the date of grant (June 13, 2019). Enthusiast Gaming Inc. is a private company. The price paid for the investment represents the fair value at the time of acquisition and at February 28, 2018. The fair value may be impacted by corporate transactions of the investee and other factors that affect measurement of share value. This financial instrument is classified as fair value through profit or loss with fair value changes recorded through net income (loss).

7. 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.

Fiscal year ended February 28, 2018

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 555,555 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, including 555,554 units issued to family members of Mark Itwaru, the CEO of the Company, 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.

7. SHARE CAPITAL (Continued)

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.

On December 15, 2017, 3,000,000 warrants held by Personas.com Corporation, a related party, 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 $750,000 being received by the Company. The resulting common shares were issued to an arm's length party. The initial fair value assigned to these warrants of $237,987 was reallocated from warrant reserve to share capital upon exercise.

Fiscal year ended February 28, 2017

On March 4, 2016, the Company issued 32,928 common shares to settle trade payables of $8,232 at a price of $0.25 per share.

On March 4, 2016, the Company issued 80,000 common shares to a director as compensation for director fees of $20,000 at a price of $0.25 per share.

On March 18, 2016, the Company completed a non-brokered private placement of 3,000,000 units at a price of $0.25 per unit, including 520,000 units issued to Riavera Corp., a significant shareholder of the Company, ("Riavera"), for gross consideration of $750,000. 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 $0.30 per share for a period of 12 months from the closing date. The common share purchase warrants have an ascribed value of $321,808. The Company paid $8,475 in finder's fees to arm's length parties in relation to this private placement.

On March 25, 2016, the Company completed a non-brokered private placement of 3,000,000 units at a price of $0.25 per unit, including 514,000 units issued to Mark Itwaru, the CEO of the Company, for gross proceeds of $750,000. 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 $0.30 per share for a period of 12 months from the closing date. The common share purchase warrants have an ascribed value of $310,468. The Company paid $15,000 in finder's fees to arm's length parties in relation to this private placement.

On March 25, 2016, as a result of the above aggregate financings and pursuant to an automatic conversion feature (see note 10), $3,392,210 principal amount of 7% secured convertible debentures due March 1, 2017, ($3,381,000 of which were held by Riavera), as well as all accrued interest, automatically converted according to its terms, into common shares of the Company at a price of $0.25 per share. Principal and interest accrued on the notes to March 24, 2016, equaled $3,459,517 and resulted in the issuance of 13,838,067 common shares (of which, 13,792,333 were issued to Riavera).

On September 9, 2016, the Company issued 40,000 common shares to settle trade payables of $12,000 at a price of $0.30 per share.

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

Between November 3, 2016, and February 28, 2017, 4,698,000 warrants were exercised into common shares of the Company on a one-for-one basis. The warrants had a weighted average exercise price of $0.28 per share, resulting in gross proceeds of $1,309,400 being received by the Company. The initial fair value assigned to these warrants of $434,763 was reallocated from warrant reserve to share capital upon exercise.

Between November 22, 2016, and February 28, 2017, 853,000 options were exercised into common shares of the Company on a one-for-one basis. The options had a weighted average exercise price of $0.88 per share, resulting in gross proceeds of $750,700 being received by the Company. The initial fair value assigned to these options of $543,293 was reallocated from warrant reserve to share capital upon exercise.

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:

	February 28, 2018	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

*Based on the historical volatility of the Company.

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

	Year Ended February 28, 2018		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	**(7,602,000)**	**$ 0.27**	(4,698,000)	$ 0.28
Ending balance	**7,900,000**	**$ 1.02**	8,302,000	$ 0.27

During the year ended February 28, 2018, the weighted average share price on the dates the warrants were exercised was $0.65 (2017 - $1.23).

The Company had the following warrants outstanding at February 28, 2018:

Number of Warrants	**Exercise Price**	**Expiry Date**	**Ascribed Value**
367,000	$0.25	August 14, 2018	$ 25,910
333,000	$0.25	September 3, 2018	32,250
3,338,498	$1.10	April 12, 2018	902,848
3,861,502	$1.10	April 28, 2018	1,092,919
7,900,000			**$ 2,053,927**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

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 12,995,254 as at February 28, 2018. 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.

The following summarizes the stock option activities under the Plan:

	Year Ended February 28, 2018		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	**6,810,329**	**$ 1.22**	4,786,495	$ 1.13

During the year ended February 28, 2018, the weighted average share price on the dates the options were exercised was $0.97 (2017 - $1.81).

The Company had the following options outstanding at February 28, 2018:

Exercise Price	**Options Outstanding**	**Weighted Average Remaining Contractual Life**	**Weighted Average Exercise Price**	**Options Exercisable**	**Weighted Average Exercise Price (Exercisable)**
$0.30	2,215,000	3.13 years	$0.30	2,215,000	$0.30
$0.60	650,000	4.62 years	$0.60	260,000	$0.60
$1.00	80,000	1.91 years	$1.00	80,000	$1.00
$1.12	1,815,000	2.51 years	$1.12	1,815,000	$1.12
$2.00	2,295,000	3.73 years	$2.00	2,295,000	$2.00
$3.00	14,999	0.90 years	$3.00	14,999	$3.00
$4.80	11,666	1.13 years	$4.80	11,666	$4.80
$5.10	113,666	1.41 years	$5.10	113,666	$5.10
$15.00	1,666	0.34 years	$15.00	1,666	$15.00
$30.00	3,332	1.45 years	$30.00	3,332	$30.00
	7,200,329	**3.25 years**	**$1.19**	**6,810,329**	**$1.22**

(Expressed in Canadian Dollars)

7. SHARE CAPITAL (Continued)

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.

	February 28, 2018	February 28, 2017
Common shares outstanding	**64,976,271**	50,107,271
Stock options outstanding to purchase common shares	**7,200,329**	6,731,495
Warrants outstanding to purchase common shares	**7,900,000**	8,302,000
Fully diluted common shares outstanding	**80,076,600**	65,140,766

8. SHARE-BASED PAYMENTS

The total compensation expense relating to share-based payments granted to directors, officers, employees, and service consultants for the year ended February 28, 2018, was $1,109,010, (February 28, 2017 - $2,124,626), 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, 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 year ended February 28, 2018, was $0.45 per option (2017 - $0.60)

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

	February 28, 2018	February 28, 2017
Risk free interest rate (%)	**1.77**	0.88
Expected volatility (%)*	**150**	100
Expected life (in years)	**5.00**	5.00
Expected dividends	**Nil**	Nil
Forfeiture rate (%)	**Nil**	Nil
Weighted average share price	**$0.49**	$0.85

*Based on comparable companies in the industry

9. SECURED NOTES

The secured note of $100,000 (the "Note") bears interest at a rate of 12% per annum and is repayable twelve months from the date issued. The Note is secured by a General Security Agreement over all present and future assets and intangibles of the Company.

On November 24, 2015, the $100,000 principal amount Note matured. This Note was originally issued in November 2014 and remains outstanding as at February 28, 2018, with interest continuing to be accrued.

There were no changes to the principal liability balance of the Note during the years ended February 28, 2018 or 2017. During the year ended February 28, 2018, the Company expensed a total of $9,000 (February 28, 2017 - $12,000) in interest related to the Note, which is included in accounts payable and accrued liabilities.

(Expressed in Canadian Dollars)

10. CONVERTIBLE DEBENTURES

On December 2, 2015, the Company issued $3,392,210 principal amount convertible debentures (the "Debentures") in exchange for the extinguishment of $3,010,000 principal amount secures notes and accrued interest of $382,210, including the issuance of $3,381,000 principal amount Debentures to Riavera in exchange for the extinguishment of $3,000,000 principal amount secures notes and accrued interest of $381,000. The Debentures have an interest rate of 7% per annum, mature on March 1, 2017, and are convertible into common shares of the Company at the option of the holder at any time prior to maturity at a ratio of one (1) common share of Peeks for every dollar of principal or interest converted. The Debentures also carry an automatic conversion feature which provides for an automatic conversion of the Debentures (principal and accrued interest) should Peeks conduct bona fide financing prior to the maturity date pursuant to which it receives aggregate gross proceeds of not less than $1,000,000, whether by way of a private placement or an amalgamation, arrangement, merger, consolidation, reverse takeover, reorganization or other business combination or other similar transaction. The conversion price in the event of an automatic conversion would be equal to the subscription price or deemed price per share of the related financing. The automatic conversion feature was triggered during the year ended February 28, 2017, see note 7.

For accounting purposes, the derivative conversion liability (represented by the conversion feature) was deemed to have a Nil value as the conversion price is expected to be at the deemed market price. The value of the liability component is accounted for at the time of issue as the residual amount after deducting the value of the derivative conversion liability component from the face value of the instrument. Therefore, the fair value of the liability component was determined at the time of issue to be recognized as the entire face value of the convertible debenture (host instrument).

The following table summarize the changes in the Company's convertible debentures:

	Year Ended February 28, 2018	Year Ended February 28, 2017
Opening liability balance	**$ -**	$ 3,392,210
Issuance of convertible debentures	**-**	-
Conversion of convertible debentures	**-**	(3,392,210)
Ending liability balance	**$ -**	$ -

During the year ended February 28, 2017, the Company accrued a total of $14,632 in interest related to convertible debentures.

11. 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 years ended February 28, 2018 and 2017, are as follows:

a) During the year ended February 28, 2018, the Company paid $325,000 (2017 - $297,043) in consulting fees to Riavera Corp., a significant shareholder ("Riavera"), in relation to management consulting and technology integration services.

11. RELATED PARTY TRANSACTIONS (Continued)

b) During the year ended February 28, 2018, the Company accrued $488,163 (2017 - $52,584), of licensing revenue due from Personas.com Corporation ("Personas"), a subsidiary of Riavera, which is included in advances to Personas (2017 - included in accounts receivable). During the year ended February 28, 2018, 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.

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 year ended February 28, 2018. Principal and interest amounts are included in advances to Personas.

During the year ended February 28, 2018, 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 advances to Personas, being due and receivable from Personas.

During the year ended February 28, 2018, the Company paid broadcasters on the "Peeks Social" platform a net amount of $417,638 (net of $110,000 reimbursed by Personas), which are amounts due from Personas and included in advances to Personas.

Personas was acquired by the Company subsequent to the year ended February 28, 2018, see note 17.

c) During the year ended February 28, 2018, the Company paid $72,561 of rent to Personas (including $17,500 rent payable relating to the year ended February 28, 2017).

d) See note 7 for information relating to shares and warrants issued to the CEO of the Company and Riavera.

e) See note 7 for information relating to warrants exercised by the CEO of the Company and Personas.

f) On October 10, 2017, the Company issued 500,000 options to a director. The options have a contractual life of 5 years, are exercisable at $0.60, and vest as to 20% immediately and 20% every 3 months thereafter.

g) During the year ended February 28, 2017, the Company accrued $14,584 of interest on $3,381,000 aggregate principal amount Debentures held by Riavera (see note 10).

h) On February 18, 2016, and March 9, 2016, Riavera issued unsecured promissory notes to the Company in the amounts of $40,000 and $50,000, respectively. The loans bear interest at 5% per annum and mature on March 30, 2016. The Company settled the aggregate principal amount of $90,000 plus interest of $231 to Riavera as part of the issuance of units on March 18, 2016 (see note 7).

(Expressed in Canadian Dollars)

11. RELATED PARTY TRANSACTIONS (Continued)

i) On March 22, 2016, the Company issued a short term loan to Personas with a principal amount of $200,000 to facilitate a joint product initiative under a technology platform license agreement. The loan bears interest at 5% per annum. Personas repaid the principal amount of $200,000 plus interest of $4,108 to the Company on August 31, 2016.

j) On April 14, 2016, the Company issued 1,910,000 options to certain directors and officers of the Company, 405,000 options to Personas, and 30,000 options to employees of Personas. The options have a contractual life of 5 years, are exercisable at $0.30, and vest as to 20% immediately and 20% every 3 months thereafter.

k) On October 28, 2016, Personas issued a short term loan to the Company with a principal amount of $100,000. The loan bears interest at 5% per annum and matures on November 28, 2016. The Company repaid the principal amount of $100,000 plus interest of $417 to Personas on November 28, 2016.

l) On November 18, 2016, the Company issued 665,000 options to certain directors and officers of the Company and 830,000 to employees of Personas. The options have a contractual life of 5 years, are exercisable at $2.00, and vest as to 20% immediately and 20% every 3 months thereafter.

m) See notes 7 and 10 for information relating to the conversion of Debentures held by Riavera.

n) See note 7 for information relating to shares issued to a director in compensation for director fees.

12. KEY MANAGEMENT COMPENSATION

The compensation of the directors and other key management of the Company is included in the summary table below. Key management are those persons having authority and responsibility for planning, directing and controlling the activities, directly or indirectly, of the Company.

	February 28, 2018	February 28, 2017
Short term compensation	**$ 494,220**	$ 684,775
Share based compensation	**385,085**	870,947
Total	**$ 879,305**	$ 1,555,722

(Expressed in Canadian Dollars)

13. INCOME TAXES

Current Income Taxes

The major factors that cause variations from the Company's combined federal and provincial statutory Canadian income tax rates of 26.5% (2017 - 26.5%) were the following:

	February 28, 2018	February 28, 2017
Loss before income taxes	$ 6,803,760	$ 4,259,179
Combined Federal and Provincial Statutory Rates	26.5 %	26.5 %
Expected tax recovery at statutory rates	(1,802,996)	(1,128,682)
Increase (decrease) resulting from:		
Share-based payments	293,888	563,026
Other non-deductible expenses	4,807	239
Change in unrecognized portion of deferred taxes	1,470,417	560,367
Share issuance costs	(15,455)	(6,221)
Difference in tax rate and other differences	49,339	11,271
Income taxes	$ -	$ -

Deferred Income Taxes

Net deferred income tax balances are summarized as follows:

	February 28, 2018	February 28, 2017
Deferred income tax assets (liabilities)		
Property and equipment	$ 254,962	$ 236,311
Intangibles	-	6,502
Non-capital losses	20,164,225	18,229,478
Capital losses	3,204,882	3,204,882
Share issuance costs and other	874,821	1,351,300
Deferred taxes not recognized	(24,498,890)	(23,028,473)
	$ -	$ -

(Expressed in Canadian Dollars)

13. INCOME TAXES (Continued)

Non-capital Losses

The Company has non-capital losses available to apply against future taxable income, as well as certain provincial non-capital losses as outlined below. If unutilized, these losses will expire as follows:

	Federal	Ontario	Alberta
2026	$ 1,331,200	$ -	$ 1,331,200
2027	349,200	-	349,200
2028	1,564,200	-	1,564,200
2029	1,557,300	-	1,557,300
2030	1,488,700	198,200	1,290,500
2031	4,634,400	2,827,500	1,806,900
2032	11,215,700	9,277,200	1,938,500
2033	19,723,900	17,985,300	1,738,600
2034	1,854,400	25,300	5,321,000
2035	14,424,000	12,647,800	2,053,200
2036	7,815,100	7,072,800	666,900
2037	2,232,700	2,212,900	182,900
2038	5,957,100	5,944,300	12,800
	$ 74,147,900	**$ 58,191,300**	**$ 19,813,200**

Capital Losses

The Company has capital losses of approximately $23,739,900 available to offset future taxable capital gains. These losses do not expire.

14. COMMITMENTS

The Company is committed to a lease of a premises at 1 Eglinton Avenue East, Suite 300, in Toronto, Ontario. The lease of Suite 300 commenced on August 15, 2013, and ends on November 30, 2023. As at February 28, 2018, 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	$ 290,143	$ 351,761	$ 641,904
Between one and five years	1,220,396	1,407,045	2,627,441
More than five years	228,824	263,821	492,645
	$ 1,739,363	**$ 2,022,627**	**$ 3,761,990**

The Company is also committed to a corporate partnership agreement in relation to marketing and brand activiation in connection with a large annual international cultural event. Sponsorship commitments due pursuant to the partnership agreement are as follows: 2019 - $430,000, 2020 - $480,000, 2021 - $530,000, and 2022 - $230,000.

14. 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 February 28, 2018, $419,373 of this is included in prepaid expenses and classified between current and long-term portions as $335,498 and $83,875, respectively. There are no future minimum lease payments over the course of the lease.

15. 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 February 28, 2018.

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 year ended February 28, 2018. There is no consideration paid or to be paid with respect to this settlement.

During the year ended February 28, 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. The claim and related proceedings were stayed during the year ended February 28, 2018. Although stayed, the outcome of the claim is not determinable. Management strongly believes the financial impact to the Company is insignificant.

During the year ended February 28, 2018, a claim was initiated against the Company regarding a contract for software development work. The plaintiff claimed damages of $440,361 due to breach of contract. The Company is defending the lawsuit and believes the claim is completely without merit. Specifically, the Company asserts that the plaintiff breached the contract and that the Company withheld payment rightfully. Although the outcome of the claim is not determinable, Management strongly believes the financial impact is insignificant.

Subsequent to the year ended February 28, 2018, a claim was initiated against the Company relating to the repayment of the Note described in note 9. The Company is negotiating repayment terms with the plaintiff.

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, and advances to Personas approximate their 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 approximate their carrying amounts as they bear terms similar to that of comparable instruments.

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 February 28, 2018, and February 28, 2017, cash was carried at Level 1 in the fair value hierarchy. As at February 28, 2018, the short-term investment was carried at level 2 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 February 28, 2018, the Company carried net current assets of CDN$24,358 in USD$ (February 28, 2017 - net current liabilities of CDN$876,147 in USD$). Accordingly, a 5% change in the US dollar exchange rate as at February 28, 2018, would have resulted in an exchange gain or loss of CDN$1,218 (February 28, 2017 - exchange gain or loss of CDN$43,807).

16. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(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 16(f) to the consolidated 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 February 28, 2018, the Company had total cash of $744,197 (February 28, 2017 - $943,223) to settle current liabilities of $2,714,187 (February 28, 2017 - $2,966,660) and finance future operations. As a result, the Company is exposed to liquidity risk.

(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, and advances to Personas. 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. Advances to Personas is concentrated insofar as it is all receivable from Personas. This concentration with one entity inherently increases the credit risk associated with these financial instruments. Subsequent to the year ended February 28, 2018, the Company acquired Personas (see note 17(a)), which will result in the advances to Personas being eliminated upon consolidation.

(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 February 28, 2018, amounted to $1,082,267 (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 year ended February 28, 2018. 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.

17. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the year ended February 28, 2018:

a) The Company acquired Personas pursuant to an amalgamation agreement between the Company, a wholly-owned subsidiary of the Company ("Peeks Social Subco", formed subsequent to the year end February 28, 2018, solely for facilitating the transaction), Personas, Riavera, and a wholly-owned subsidiary of Riavera (“Riavera Subco”). Articles of amalgamation to amalgamate Peeks Social Subco, Personas, and Riavera Subco were filed on May 2, 2018, resulting in the creation of a single wholly-owned subsidiary named Peeks Social Technologies Holding Inc. (the “Acquisition”). To effect the Acquisition the Company issued 175,150,454 common shares to the shareholders of Personas and Riavera Subco (including 61,340,322 issued to Mark Itwaru, 55,346,527 issued to Riavera, and 1,245,492 issued to certain directors and officers of the Company) on May 7, 2018, at a negotiated price of $0.7308 per share.

The amalgamation was completed in order to acquire the technology assets used in the Peeks Social livestreaming platform (the “Technology”), along with certain other related technology assets. The Technology is licensed from Personas pursuant to an agreement dated August 14, 2015, as amended October 18, 2016, and is the source of the Company’s current revenue.

For accounting purposes, this is an acquisition between entities under common control. The Company has not yet completed its analysis of the transaction or corresponding valuation of assets and liabilities as all information is not yet fully available.

Advances to Personas included in the statement of financial position as at February 28, 2018, are loans receivable of $507,822 (including accrued interest of $7,822), accounts receivable of $488,163, and other receivables of $1,008,719. These amounts remained due on May 2, 2018, and therefore for accounting purposes will be eliminated upon the consolidation of Personas with the Company and its existing subsidiaries.

b) The Company issued 1,260,000 units at a price of $0.25 per unit, for gross consideration of $315,000 being received by the Company. Each unit consists of one common share and one common share purchase warrant of the Company. Each warrant is exercisable to purchase one additional common share of the Company at an exercise price of $0.35 per share, for a period of 24 months from the date of issuance. The Company paid aggregate finder's fees of $15,600 to eligible arm's length parties in connection with the private placement.

c) The Company extended the expiration date of 7,200,000 common share purchase warrants, of which 3,338,498 were issued on April 12, 2017 (including 555,555 held by Mark Itwaru, CEO of the Company), and 3,861,502 were issued on April 28, 2017. The Warrants are exercisable at a $1.10 per common share on a one-for-one basis and had an original expiry date of one year from the date of grant. The new expiry dates of the warrants are October 12, 2019, and October 28, 2019, respectively. All other terms and conditions of the warrants remain unchanged.