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UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the Three and Nine Months Ended November 30, 2019
and the Three and Nine Months Ended November 30, 2018

(EXPRESSED IN CANADIAN DOLLARS)

MANAGEMENT'S COMMENTS ON
UNAUDITED 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 unaudited 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.

Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	November 30, 2019	February 28, 2019
Assets		
Current assets		
Cash	$20,570	$99,878
Trade receivables, net of expected credit losses (Note 13)	124,993	509,296
Other receivables and deposits	328,712	298,850
Investment (Note 7)	-	118,500
Deferred financing costs (Note 8)	-	30,000
Prepaid expenses (Note 14)	64,362	153,381
Total current assets	**$538,637**	**$1,209,905**
Non current assets		
Prepaid expenses (Note 14)	51,748	51,748
Property and equipment	4,949	34,143
Finance Lease Receivable (Note 15)	849,095	-
Goodwill	5,768,390	5,768,390
Total assets	**$7,212,819**	**$7,064,186**
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (Note 6)	$3,457,000	$3,137,501
Customer deposits	1,525,466	1,187,961
Due to related parties (Note 11)	333,904	360,272
Secured notes (Note 10)	597,100	842,711
Shares to be issued (Note 9)	-	604,008
Total current liabilities	**5,913,470**	**6,132,453**
Non current liabilities		
Long term deposit	105,000	105,000
Finance Lease Liability (Note 15)	1,043,880	-
Provision	86,200	86,200
Total liabilities	**$7,148,550**	**$6,323,653**
Shareholders' Equity (Deficiency)		
Share capital (Note 8)	31,020,581	29,435,222
Contributed surplus	1,763,713	1,629,631
Warrants reserve (Note 8)	569,988	585,944
Deficit	(33,290,013)	(30,910,264)
	64,269	**740,533**
Total liabilities and Shareholders' equity (deficiency)	**$7,212,819**	**$7,064,186**

Nature of operations and going concern (Note 1)
Related party transactions (Note 11)
Commitments (Note 14)
Subsequent events (Note 18)

Approved on Behalf of the Board

(signed) "Mark Itwaru"
Mark Itwaru, Director

(signed) "William Lavin"
William Lavin, Director

Peeks Social Ltd.

Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended November 30, 2019 and November 30, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended November 30, 2019	Three Months Ended November 30, 2018	Nine Months Ended November 30, 2019	Nine Months Ended November 30, 2018
Revenue				
Tipping revenue	463,865	1,191,895	1,696,670	4,151,248
Virtual currency revenue	180,244	493,695	660,815	1,717,349
	644,109	**1,685,590**	**2,357,485**	**5,868,597**
Cost of revenue	360,099	1,250,125	1,361,333	4,518,082
Gross Margin	**284,010**	**435,465**	**996,152**	**1,350,515**
Expenses				
Wages and benefits	602,097	703,400	1,730,271	2,046,257
General and administrative	214,079	415,031	624,865	1,065,636
Advertising and promotion	15,774	86,937	68,001	764,209
Consulting fees (Note 11)	109,760	194,926	415,647	374,276
Professional fees	261,963	10,001	488,703	197,206
Rent (Note 14)	138,603	83,624	312,025	202,721
Depreciation	5,327	26,694	29,195	61,770
	1,347,603	**1,520,613**	**3,668,707**	**4,712,075**
Net Loss before under noted items	**(1,063,593)**	**(1,085,148)**	**(2,672,555)**	**(3,361,560)**
Other income	-	-	(154,236)	-
Gain on sale of investment	-	(324,738)	(49,679)	(324,738)
(Gain) Loss on foreign exchange difference	9,726	7,400	6,226	(14,522)
Interest expense	20,958	10,520	63,284	14,866
Interest income	-	(446)	(123)	(3,717)
Unrealized gain on revaluation of investment	-	(94,755)	-	(94,755)
	30,684	**(402,019)**	**(134,528)**	**(422,866)**
Net loss and comprehensive loss for the period	**(1,094,277)**	**(683,129)**	**(2,538,027)**	**(2,938,694)**
Net loss per share				
Basic	(0.004)	(0.003)	(0.010)	(0.014)
Diluted	(0.004)	(0.003)	(0.010)	(0.014)
Weighted average number of common shares outstanding				
Basic	278,810,019	243,636,725	264,700,771	212,590,346
Diluted (Note 8)	278,810,019	243,636,725	264,700,771	212,590,346

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

Peeks Social Ltd.

Consolidated Interim Statements of Changes in Shareholders' Equity
For the Nine Months Ended November 30, 2019 and November 30, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Common shares		Contributed	Warrants		
	Number	Amount	surplus	reserve	Deficit	Total
Balance at March 1, 2018	**121,204,802**	**5,028,691**	**-**	**420,360**	**(10,523,742)**	**(5,074,691)**
Net loss for the period	-	-	-	-	(2,938,694)	(2,938,694)
Settlement of related party debt on reverse acquisition (Note 4)	-	-	3,450,731	-	-	3,450,731
Issuance of shares to effect the reverse acquisition (Notes 4 & 8)	64,976,271	26,315,390	1,900,709	1,291,349	-	29,507,448
Effect of exchange ratio of reverse acquisition (Note 4)	53,945,652	-	-	-	-	-
Expired warrants (Note 8)	-	-	456,926	(456,926)	-	-
Issuance of units (Note 8)	3,510,000	335,596	-	212,204	-	547,800
Balance at November 30, 2018	**243,636,725**	**31,679,677**	**5,808,366**	**1,466,987**	**(13,462,437)**	**25,492,593**
Balance at March 1, 2019	**243,636,725**	**29,435,222**	**1,629,631**	**585,944**	**(30,910,264)**	**740,533**
Net loss for the period	-	-	-	-	(2,538,027)	(2,538,027)
Expired options (Note 8)	-	-	(22,856)	-	22,856	-
Expired warrants (Note 8)	-	-	-	(350,550)	350,550	-
Impact of IFRS16 adoption (Note 15)	-	-	-	-	(215,127)	(215,127)
Issuance of units (Note 8)	35,173,294	1,585,359	156,938	334,594	-	2,076,890
Balance at November 30, 2019	**278,810,019**	**31,020,581**	**1,763,713**	**569,988**	**(33,290,013)**	**64,269**

Peeks Social Ltd.
Consolidated Interim Statements of Cash Flows
For the Nine Months Ended November 30, 2019 and November 30, 2018
(Expressed in Canadian Dollars)
(Unaudited)

	Nine Months Ended November 30, 2019	Nine Months Ended November 30, 2018
Cash flows generated from (used in) operating activities		
Net loss for the period/year	(2,538,027)	(2,938,694)
Items not affecting cash:		
Depreciation	29,195	61,770
Issuance of shares for services (Note 8)	60,000	-
Interest expense	63,284	13,250
Realized (gains) losses on sale of investments (Note 7)	(49,679)	(324,738)
Unrealized gain on short-term investments	-	(94,755)
Changes in non-cash working capital items		
Trade and other receivables	384,303	(49,783)
Other receivables and deposits	(29,862)	104,290
Prepaid expenses	89,018	197,889
Deferred financing costs (Note 8)	30,000	-
Due to/from related parties	123,429	48,159
Accounts payable and accrued liabilities	309,676	240,144
Customer deposits	334,292	968,869
Net cash used in operating activities	**(1,194,372)**	**(1,773,599)**
Cash flows generated from (used in) financing activities		
Issuance of units, net of costs (Note 8)	1,141,297	547,800
Cash acquired on reverse acquisition (Note 4)	-	120,706
Interest paid	(49,973)	-
Proceeds from receipt of short-term loans	-	300,000
Repayment of lease obligation	(33,652)	-
Issuance of promissory notes	-	250,000
Repayment of secured notes	(110,788)	(11,800)
Net cash generated from financing activities	**946,886**	**1,206,706**
Cash flows generated from investing activities		
Proceeds from sale of short-term investments	168,179	399,874
Net cash generated from investing activities	**168,179**	**399,874**
Net decrease in cash	**(79,308)**	**(167,019)**
Cash, beginning of period	99,878	205,761
Cash, end of period	**20,570**	**38,742**

1. NATURE OF OPERATIONS AND GOING CONCERN

Nature of Operations

Peeks Social Ltd. ("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 May 2, 2018, Peeks Social completed a reverse acquisition with Personas.com Corporation ("Personas"), a private company incorporated under the laws of the Province of Ontario and a related party, which was effected pursuant to an amalgamation agreement between Peeks Social, Personas, a wholly-owned subsidiary of Peeks Social ("Peeks Social Subco", formed solely for facilitating the transaction), Riavera Corp. (a related party under common control of Peeks Social's CEO) ("Riavera"), and a wholly-owned subsidiary of Riavera ("Riavera Subco", formed solely for facilitating the transaction). 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 of Peeks Social named Peeks Social Technologies Holding Inc. ("Peeks Social Holdings") (the "Amalgamation").

To effect the Amalgamation, shareholders of Personas received 175,150,454 common shares of Peeks Social. The Amalgamation was structured as a three-cornered amalgamation, resulting in the amalgamated company becoming a wholly-owned subsidiary of Peeks Social. Although the Amalgamation resulted in Personas becoming a wholly-owned subsidiary of Peeks Social, the transaction constitutes a reverse acquisition of Peeks Social by Personas in-as-much as the former shareholders of Personas received 72.94%, on a non-diluted basis, of the issued and outstanding common shares of the resulting corporation. For accounting purposes, Personas is considered the acquirer and Peeks Social is considered the acquiree. Accordingly, these consolidated financial statements are a continuation of the financial statements of Personas and references to the "Company" will mean the consolidated entity subsequent to the date of the Amalgamation and to Personas prior to that date. The reporting periods of Personas have been aligned with Peeks Social's year end of February 28, resulting in the comparative period for these consolidated financial statements being presented as a fourteen-month period beginning immediately following the end of Personas' annual period ending February 28, 2017.

Going Concern

While these 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.

During the nine months ended November 30, 2019, the Company incurred a net loss of $2,538,027 (Nine months ended November 30, 2018 - $2,938,694) and, as of that date, the Company had accumulated a deficit of $33,290,013 (February 28, 2019 - $30,910,264) and negative cash flows from operations of $1,194,372 (Nine months ended November 30, 2018 - negative $1,773,599). 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 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 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 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, 2019. Accordingly, these consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the year ended February 28, 2019.

These consolidated interim financial statements were approved and authorized for issue by the Board of Directors on January 26, 2020.

Basis of presentation

These consolidated interim 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 interim financial statements include the accounts of the Company and its wholly-owned subsidiaries, Keek Inc., WASD 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.

Critical Accounting Estimates and Judgments

Critical accounting estimates

The preparation of consolidated 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.

2. BASIS OF PREPARATION (continued)

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 consolidated 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.

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 November 30, 2019 and February 28, 2019, 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.

Goodwill impairment testing and recoverability of long-lived assets

Goodwill and long-lived assets are reviewed annually for impairment, or more frequently when there are indicators that impairment may have occurred, by comparing the carrying value to its recoverable amount. The recoverable amount of the cash-generating unit was estimated based on an assessment of value in use using a discounted cash flow approach. The approach uses cash flow projections based upon a financial forecast approved by management, covering a five-year period. Cash flows for the years thereafter are extrapolated using the estimated terminal growth rate. The risk premiums expected by market participants related to uncertainties about the industry and assumptions relating to future cash flows may differ or change quickly, depending on economic conditions and other events.

2. BASIS OF PREPARATION (continued)

Critical judgments in applying accounting policies (continued)

Business combinations

In a business combination, all identifiable assets, liabilities and contingent liabilities acquired are recorded at their fair values. One of the most significant estimates relates to the determination of the fair value of these assets and liabilities. For any intangible asset identified, depending on the type of intangible asset and the complexity of determining its fair value, an independent valuation expert or management may develop the fair value, using appropriate valuation techniques, which are generally based on a forecast of the total expected future net cash flows. The evaluations are linked closely to the assumptions made by management regarding the future performance of the assets concerned and any changes in the discount rate applied. All acquisitions have been accounted for using the acquisition method.

Certain fair values may be estimated at the acquisition date pending confirmation or completion of the valuation process. Where provisional values are used in accounting for a business combination, they may be adjusted retrospectively in subsequent periods. However, the measurement period will last for one year from the acquisition date.

3. SIGNIFICANT ACCOUNTING POLICIES

Provisions for impairment of accounts receivable, and other receivables

The policy for provisions for impairment of accounts receivable, other receivables 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. 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.

Revenue recognition

The Company sells virtual currency which can be consumed on its live streaming social media platform. Receipts from the sale of virtual currency are deferred and recorded as customer deposits in the statement of financial position except for a processing fee which is recognized immediately along with any additional amounts received in excess of the associated liability of the customer deposits (virtual currency revenue). Periodically promotional free virtual currency is provided to customers and are expensed as advertising and promotional cost when used by the customer. All customer deposits are fully refundable based on a specified conversion rate. Revenue is recognized when the virtual currency is spent (tipping revenue) in e-commerce activity within its live streaming social media platform. The Company recognizes all revenues on a gross basis, given it is the principal in these transactions, being responsible for the operations of the platform as well as setting prices of the virtual currency. All processing fees, licensing fees and payments to content providers are recognized in cost of revenue.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency transactions

Foreign currency transactions are initially recorded in Canadian dollars, the Company's functional currency, at the transaction date exchange rate. At the statement of financial position date, monetary assets and liabilities denominated in a foreign currency are translated into the functional currency at the reporting date exchange rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the remeasurement of monetary items at period-end exchange rates are recognized in the statement of loss and comprehensive loss. Non-monetary items measured at historical cost are translated using the historical exchange rate. Non-monetary items measured at fair value are translated using the exchange rates at the date when fair value was determined.

Financial Instruments

Financial assets

Recognition and initial measurement

The Company recognizes financial assets when it becomes party to the contractual provisions of the instrument. Financial assets are measured initially at their fair value plus, in the case of financial assets not subsequently measured at fair value through profit or loss, transaction costs that are directly attributable to their acquisition. Transaction costs attributable to the acquisition of financial assets subsequently measured at fair value through profit or loss are expensed in profit or loss when incurred.

Classification and subsequent measurement

On initial recognition, financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income ("FVOCI") or fair value through profit or loss ("FVTPL"). The Company determines the classification of its financial assets, together with any embedded derivatives, based on the business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets are classified as follows:

- Amortized cost - Assets that are held for collection of contractual cash flows where those cash flows are solely payments of principal and interest are measured at amortized cost. Interest revenue is calculated using the effective interest method and gains or losses arising from impairment, foreign exchange and derecognition are recognized in profit or loss. Financial assets measured at amortized cost are comprised of cash and trade receivables.

- Fair value through other comprehensive income - Assets that are held for collection of contractual cash flows and for selling the financial assets, and for which the contractual cash flows are solely payments of principal and interest, are measured at fair value through other comprehensive income. Interest income calculated using the effective interest method and gains or losses arising from impairment and foreign exchange are recognized in profit or loss. All other changes in the carrying amount of the financial assets are recognized in other comprehensive income. Upon derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss. The Company does not hold any financial assets measured at fair value through other comprehensive income.

- Mandatorily at fair value through profit or loss - Assets that do not meet the criteria to be measured at amortized cost, or fair value through other comprehensive income, are measured at fair value through profit or loss. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company's investments are measured at fair value through profit and loss.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

Classification and subsequent measurement (continued)

- Designated at fair value through profit or loss – On initial recognition, the Company may irrevocably designate a financial asset to be measured at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch that would otherwise arise from measuring assets or liabilities, or recognizing the gains and losses on them, on different bases. All interest income and changes in the financial assets' carrying amount are recognized in profit or loss. The Company does not hold any financial assets designated to be measured at fair value through profit or loss.

The Company measures all equity investments at fair value. Changes in fair value are recorded in profit or loss.

Business model assessment

The Company assesses the objective of its business model for holding a financial asset at a level of aggregation which best reflects the way the business is managed, and information is provided to management. Information considered in this assessment includes stated policies and objectives.

Contractual cash flow assessment

The cash flows of financial assets are assessed as to whether they are solely payments of principal and interest on the basis of their contractual terms. For this purpose, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money, the credit risk associated with the principal amount outstanding, and other basic lending risks and costs. In performing this assessment, the Company considers factors that would alter the timing and amount of cash flows such as prepayment and extension features, terms that might limit the Company's claim to cash flows, and any features that modify consideration for the time value of money.

Impairment

The Company recognizes a loss allowance for the expected credit losses associated with its financial assets, other than financial assets measured at fair value through profit or loss. Expected credit losses are measured to reflect a probability-weighted amount, the time value of money, and reasonable and supportable information regarding past events, current conditions and forecasts of future economic conditions. The Company applies the simplified approach for trade receivables. Using the simplified approach, the Company records a loss allowance equal to the expected credit losses resulting from all possible default events over the assets' contractual lifetime.

The Company assesses whether a financial asset is credit-impaired at the reporting date. Regular indicators that a financial instrument is credit-impaired include significant financial difficulties as evidenced through borrowing patterns or observed balances in other accounts and breaches of borrowing contracts such as default events or breaches of borrowing covenants. For financial assets assessed as credit-impaired at the reporting date, the Company continues to recognize a loss allowance equal to lifetime expected credit losses.

For financial assets measured at amortized cost, loss allowances for expected credit losses are presented in the consolidated statements of financial position as a deduction from the gross carrying amount of the financial asset. Financial assets are written off when the Company has no reasonable expectations of recovering all or any portion thereof.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Company derecognizes a financial asset when its contractual rights to the cash flows from the financial asset expire.

Financial liabilities

Recognition and initial measurement

The Company recognizes a financial liability when it becomes party to the contractual provisions of the instrument. At initial recognition, the Company measures financial liabilities at their fair value plus transaction costs that are directly attributable to their issuance, with the exception of financial liabilities subsequently measured at fair value through profit or loss for which transaction costs are immediately recorded in profit or loss.

Where an instrument contains both a liability and equity component, these components are recognized separately based on the substance of the instrument, with the liability component measured initially at fair value and the equity component assigned the residual amount.

Classification and subsequent measurement

Subsequent to initial recognition, all financial liabilities are measured at amortized cost using the effective interest rate method. Interest, gains and losses relating to a financial liability are recognized in profit or loss.

Derecognition of financial liabilities

The Company derecognizes a financial liability only when its contractual obligations are discharged, cancelled or expire.

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)

Impairment of Non-Financial Long-lived Assets

For purposes of assessing impairment under IFRS, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating unit). The Company has a single cash generating unit and intangible assets not yet available for use are tested for impairment at least annually. All other long-lived assets and finite life intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair value less costs to sell or value-in-use. To determine the value-in-use, management estimates expected future cash flows from the cash-generating unit and determines a suitable pre-tax discount rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of future reorganizations and asset enhancements. Discount factors have been determined for the cash-generating unit and reflect its risk profile as assessed by management.

Impairment losses for the cash-generating unit reduce first the carrying amount of any goodwill allocated to that cash-generating unit, with any remaining impairment loss charged pro rata to the other assets in the cash-generating unit. In allocating an impairment loss, the Company does not reduce the carrying amount of an asset below the highest of its fair value less costs of disposal or its value in use and zero. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment charge is reversed if the assets' recoverable amount exceeds its carrying amount only to the extent of the new carrying amount does not exceed the carrying value of the asset had it not originally been impaired.

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 nine months ended November 30, 2019 and the year ended February 28, 2019, the Company did not recognize any amount relating to investment tax credits.

As at November 30, 2019 and February 28, 2019, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Convertible notes issued with warrants are evaluated whether any embedded derivatives need to be separated from the host instrument. In accordance with IAS 32.31 for compound financial instruments, because equity instruments are defined as contracts evidencing a residual interest in the assets of an entity after deducting all of its liabilities, the warrants are assigned the residual amount of the consideration after deducting the fair value of the liability components and are subsequently carried at historical cost. The liability components represent the host debt and the embedded conversion feature.

The embedded derivative conversion option is separated from its host contract on the basis of its stated terms and initially measured at fair value using the Black-Scholes model, with the host debt contract being the residual amount after separation. Subsequently, the loan payable component is measured at amortized cost using the effective interest method over the term of the loan. The loan component is accreted to the face value by recording accretion expense. The values of the conversion feature is re-measured at each reporting date until settlement, with changes in the fair value recorded in the consolidated statement of loss and comprehensive loss.

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 relative fair value within the unit, using the Black-Scholes options pricing model to determine the fair value of warrants issued.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes

Income tax expense consists of current and deferred tax expense. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or other comprehensive income. Current tax is recognized and measured at the amount expected to be recovered from or payable to the taxation authorities based on the income tax rates enacted or substantively enacted at the end of the reporting period and includes any adjustment to taxes payable in respect of previous years.

Deferred tax is recognized on any temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable earnings. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized and the liability is settled. The effect of a change in the enacted or substantively enacted tax rates is recognized in net earnings and comprehensive income or in equity depending on the item to which the adjustment relates.

Deferred tax assets are recognized to the extent future recovery is probable. At each reporting period end, deferred tax assets are reduced to the extent that it is no longer probable that sufficient taxable earnings will be available to allow all or part of the asset to be recovered.

Provisions for taxes are made using the best estimate of the amount expected to be paid based on a qualitative assessment of all relevant factors. The Company reviews the adequacy of these provisions at the end of the reporting period. However, it is possible that at some future date an additional liability could result from audits by taxing authorities. Where the final outcome of these tax-related matters is different from the amounts that were initially recorded, such differences will affect the tax provisions in the period in which such determination is made.

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.

IFRS 16 Leases

The Company has adopted IFRS 16 with an initial adoption date of March 1, 2019. The Company used the modified retrospective method to adopt the new standard and therefore, the comparative information has not been restated and continues to be reported under IAS 17 and related interpretations.

IFRS 16 specifies how leases will be recognized, measured, presented and disclosed and it provides a single lessee model, requiring lessees to recognize right-of-use assets and lease liabilities for all major leases. The Company's accounting policy under IFRS 16 is as follows:

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

IFRS 16 Leases (continued)

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, less any lease incentives received. The assets are depreciated to the earlier of the end of the useful life of the right-of use asset or the lease term using the straight-line method. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the right-of-use asset can be periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's borrowing rate. The Company used its borrowing rate as the discount rate.

The Company has elected to apply the practical expedient not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low value assets. The lease payments associated with these leases is recognized as an expense on a straight-line basis over the lease term.

Under the lessor capacity, at inception of a contract, the Company recognizes assets held under a finance lease in its statement of financial position by derecognizing the underlying asset, and recognizing a financial lease receivable at an amount equal to the net investment in the lease, which equals the gross investment in the lease discounted at the interest rate implicit in the lease. Finance income is recognized over the lease term in a systematic and rational basis by applying a constant periodic rate of return to the lessor's net investment in the lease. The lease payments received in the period are applied against the gross investment in the lease to reduce both the principal and the unearned finance income.

(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION

As discussed in Note 1, Peeks Social completed a reverse acquisition with Personas on May 2, 2018. For accounting purposes, Personas is considered the accounting acquirer and Peeks Social is considered the accounting acquiree. The reverse acquisition has been accounted for in accordance with the guidance provided in IFRS 3. The reverse acquisition has been accounted for at the fair value of the consideration provided to Peeks Social shareholders, consisting of common shares, stock options and warrants. As the Peeks Social stock options and warrants to purchase common shares granted prior to the reverse acquisition remain exercisable after the completion of the reverse acquisition, the fair value of the stock options and warrants at the date of the reverse acquisition are included as part of the consideration transferred.

The allocation of the purchase price to the estimated fair value of net assets (liabilities) acquired is as follows:

Cash	$103,008
Accounts receivable	26,894
Other receivables and deposits	207,398
Short-term investments	186,132
Prepaid expenses	480,146
Intangible assets	4,054
Property and equipment	109,363
Accounts payable and accrued liabilities	(2,756,567)
Secured notes	(100,000)
Carrying value of identifiable net assets (liabilities)	**(1,739,572)**
Consideration:	
Fair value of 64,976,271 common shares issued at $0.37 per share (ii)	24,041,220
Fair value of 7,200,329 options issued, recorded in contributed surplus (iii)	1,629,631
Fair value of 7,900,000 warrants issued, recorded in warrants reserve (iv)	440,022
Settlement of advances to Personas	(1,911,909)
	$24,198,964

Goodwill comprised of:	
Excess of consideration and net identifiable assets (i)	25,938,536
Impairment loss	20,170,146
	$5,768,390

(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION (continued)

(i) The amount paid in excess of the fair value of net identifiable assets represents the unidentifiable net assets of Peeks Social, measured as the difference between the fair value of the identifiable net assets of Peeks Social and the fair value of the consideration provided.

The excess value of consideration transferred over the fair value of identifiable net assets acquired was initially recognized as goodwill. However, it was determined that the expected operational efficiencies and other synergies arising from the acquisition would not be achieved in a short enough time horizon to support the recoverable amount of the business. As a result, management determined to write-down the goodwill directly at the date of acquisition amounting to $20,170,146.

ii) The fair value of the common shares was $24,041,220 based on 64,976,271 common shares at a fair value of $0.37 per share. The fair value per share was estimated to be $0.37 based on the closing market price of Peeks Social shares as at May 2, 2018.

(iii) The fair value of 7,200,329 options issued to Peeks Social option holders was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions: Stock price - $0.37; Exercise price ranging from $0.30 to $30.00; Dividend Yield - Nil; Expected volatility ranging from 84% to 140%; Risk-free interest rate ranging from 1.96 to 2.12%; and Expected life of 0.96 to 4.41 years.

(iv) The fair value of 7,900,000 warrants issued to Peeks Social warrant holders was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions: Stock price - $0.37; Exercise price ranging from $0.25 to $1.10; Dividend Yield - Nil; Expected volatility ranging from 61% to 86%; Risk-free interest rate - 1.9%; and, Expected life ranging from 0.28 to 1.45 years.

Immediately prior to the Amalgamation, Riavera (a related party) forgave $3,450,732 of related party debt of Personas. Riavera was acting in its capacity as a shareholder of Personas in this transaction, and as such, this amount has been added to deficit.

5. GAIN ON SETTLEMENT OF DEBT

During the year ending February 28, 2019, the company settled two supplier debts for common shares.

The Company settled debt amounting to $397,198 in exchange for 2,771,211 common shares in the share capital of the shares of the Company and $100,000 payable after February 28, 2018. As at February 28, 2019, the Company fair valued the shares to be issued at $190,772 using the market share price on the settlement agreement date of $0.069 per share. A gain of $106,426 was recognised on settlement of debt through the statement of loss and comprehensive loss. The shares to be issued were revalued to $193,985 at February 28, 2019 using the market share price of $0.07 per share. The shares were issued on March 21, 2019 (Note 8).

The second settlement was for a payable of $84,750 which was settled through the issuance of 480,000 units (consisting of one common share and one warrant) valued at $120,000 resulting in a loss on settlement of debt of $35,250. The two debt settlements resulted in an overall gain of $67,963.

6. TRADE PAYABLES AND ACCRUED LIABILITIES

Trade payables and accrued liabilities are comprised of the following:

	November 30, 2019	February 28, 2019
Trade payables	$3,001,325	$2,669,020
Accrued liabilities	455,675	468,481
	$3,457,000	**$3,137,501**

(Expressed in Canadian Dollars)

7. INVESTMENTS

As part of the reverse acquisition disclosed in Note 4, The Company acquired short term investments consisting of 506,414 class A preferred shares and warrants to purchase 101,282 common shares of Enthusiast Gaming Inc. The warrants have an exercise price of $0.197 and expire on June 13, 2019. At the time of the purchase, Enthusiast Gaming Inc. was a private company. The price paid for the investment was valued at fair value at the reverse acquisition date. In October 2018, Enthusiast Gaming Holdings Inc. listed on the TSXV under the symbol "EGLX", and the class A preferred shares of Enthusiast Gaming Inc. converted to common shares of Enthusiast Gaming Holdings Inc. on a one-for-one basis. In addition, the share purchase warrants of Enthusiast Gaming Inc. converted to warrants of Enthusiast Gaming Holdings Inc. with identical terms on a one-for-one basis. The financial instrument is classified as fair value through profit or loss with fair value changes recorded through the consolidated statement of loss and comprehensive loss.

During the year ended February 28, 2019, the Company purchased an additional 20,000 shares of Enthusiast Gaming Inc. and disposed of an aggregate of 526,414 common shares of Enthusiast Gaming Inc. for an average price of $1.03 per share, resulting in a realized gain on disposal of short-term investments of $322,974.

During the year ended February 28, 2019, the Company also elected to exercise its warrant option to purchase 101,282 common shares of Enthusiast Gaming Inc., at a price of $0.197. As at February 28, 2019, the common shares had a fair value of $1.17 per share, resulting in an unrealized gain on short-term investments of $98,547. The Company received 101,282 shares on March 7, 2019.

During the nine months ended November 30, 2019, the Company sold 101,282 shares for an average price of $1.70 resulting in a gain of $49,679.

8. SHARE CAPITAL

Authorized	
Unlimited	common shares, no par value

On January 31, 2018, Personas issued 870,000 shares to certain consultants in compensation for $217,500 of services. These shares were valued based on a third-party arm's length share sale that took place in February 2018.

On May 7, 2018, 64,976,271 common shares with a fair value of $24,041,220 were issued to effect the reverse acquisition (note 4). As discussed in notes 1 and 4, to effect the Amalgamation shareholders of Personas received 175,150,454 common shares of Peeks Social.

On May 25, 2018, the Company issued 780,000 units at a price of $0.25 per unit, for gross consideration of $195,000 being received by the Company. The Company also issued 480,000 units valued at $0.25 per unit to a third party to settle debt owing to that third party as disclosed in Note 6. 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. The Company allocated $211,412 to share capital and $103,588 to warrants reserve based on a relative fair value basis. The relative fair value of the warrants was calculated using the following inputs to the Black-Scholes model: Stock price - $0.23; Exercise price - $0.35; Dividend Yield - Nil; Expected volatility – 112%; Risk-free interest rate - 1.92%; and, Expected life – 2.00 years. The Company recorded $10,470 of costs as an offset to share capital and $5,130 as an offset to warrant reserve.

8. SHARE CAPITAL (continued)

On August 10, 2018, the Company issued 1,750,000 units at a price of $0.12 per unit, for gross consideration of $210,000 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 $0.20 per share, for a period of 24 months from the date of issuance. The Company paid aggregate finder's fees of $16,800 to eligible arm's length parties in connection with the private placement. The Company allocated $140,923 to share capital and $69,077 to warrants reserve based on a relative fair value basis. The relative fair value of the warrants was calculated using the following inputs to the Black-Scholes model: Stock price - $0.13; Exercise price - $0.20; Dividend Yield - Nil; Expected volatility – 112%; Risk-free interest rate – 2.08%; and, Expected life – 2.00 years. The Company recorded $11,274 of costs as an offset to share capital and $5,526 as an offset to warrant reserve.

On August 24, 2018, the Company issued 500,000 units at a price of $0.12 per unit, for gross consideration of $60,000 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 $0.20 per share, for a period of 24 months from the date of issuance. The Company paid aggregate finder's fees of $4,800 to eligible arm's length parties in connection with the private placement. The Company allocated $37,739 to share capital and $22,261 to warrants reserve based on a relative fair value basis. The relative fair value of the warrants was calculated using the following inputs to the Black-Scholes model: Stock price - $0.11; Exercise price - $0.20; Dividend Yield - Nil; Expected volatility – 141.42%; Risk-free interest rate – 2.1%; and, Expected life – 2.00 years. The Company recorded $3,019 of costs as an offset to share capital and $1,781 as an offset to warrant reserve.

In July 2018, the Company entered into a direct placement agreement (the “Funding Agreement”) with GEM Global Yield Fund LLC SCS (“GEM”). The Company has the right to issue GEM common shares under the Funding Agreement for a term of two years through a series of one or more private placements (the “Placements”). Common shares issued to GEM as part of the Placements will be at a price per share equal to the higher of a floor price set by the Company and a 10 per cent discount to the market price of the common shares based on the immediately preceding 15-day volume weighted average price. The Placements are subject to certain market out rights of GEM and approval of the TSX Venture Exchange (the “TSXV”).

The Company agreed to commit to initial Placements of $1.5 million (the “Initial Placement”), with an option to issue additional Placements of up to $8.5 million (the “Additional Placements”). The Company will pay a commission of $30,000 to GEM within the twelve months following the date of the Funding Agreement related to the Initial Placement. If the Company elects to utilize any portion of the Additional Placements, it will pay an additional commission of $170,000 to GEM within twelve months of the election. The commissions are equal to 2% of the committed capital of GEM.

As part of the Funding Agreement, the Company agreed to issue 4,000,000 common share purchase warrants to GEM. The warrants will be exercisable on a one-for-one basis at a price equal to the greater of i) $0.583 per common share or ii) the market price of the common shares of the Company at the time of issuance. The Company has eighteen months from the date of the Funding Agreement to issue the warrants. The warrants will have an exercise period of three years. The warrant exercise price is subject to repricing to 105% of the market price of the Company’s common shares on the first anniversary of the date of issuance if the market price of the common shares of the Company is less than 90% of the then-current exercise price. The repricing must be done in accordance with the rules and policies of the TSXV. If the Company does not issue the warrants within 18 months of the initial execution of the Funding Agreement, the Company shall pay GEM 8% of the original face value of any unissued warrants. Should the Company elect to issue any Additional Placements, it will issue additional warrants to GEM, the amount and terms of which shall be negotiated and agreed to at the time of the election. The warrants were issued in June 2019. The Company allocated $347,015 to share capital and $59,795 to warrants reserve based on a relative fair value basis. The relative fair value of the warrants was calculated using the following inputs to the Black-Scholes model: Stock price - $0.05; Exercise price - $0.58; Dividend Yield - Nil; Expected volatility – 112.26%; Risk-free interest rate – 1.4%; and, Expected life – 2.93 years.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

During the year ended February 28, 2019, the Company received advances of $410,023 from GEM for shares to be issued. A total of 5,457,000 shares were issued in June 2019.

In August 2018, the Company received a short-term advance in connection with the Funding Agreement of $300,000 from GEM, which is contemplated to be repaid through one or more Placements. The advance is unsecured, carries interest at 10% per annum calculated semi-annually, and is due on demand after 90 days. As at February 28, 2019, the Company has recognized a deferred financing costs amounting to $30,000 which will be offset against equity once the common shares are issued.

On March 21, 2019, the Company issued 2,771,211 units at a price of $0.07 per unit to settle debts and 857,143 units at a price of $0.07 per unit in exchange for services provided.

On June 28, 2019, the Company issued an aggregate of 22,825,940 units at a price of $0.05 per unit, including 22,325,940 units issued to Mark Itwaru, CEO of the Company for gross proceeds of $1,141,297; and 762,000 common shares at a price of $0.05 per share to the former Chief Financial Officer of the Company, in exchange for services rendered. The Company is relying upon available exemptions from Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions in connection with the subscription for securities by its CEO and CFO as the transactions constitute "related party transactions". Each paid unit consisted 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 $0.10 per share for a period of 24 months from the date of issuance. The common shares and warrants were subject to a four month hold period. The Company allocated $866,498 to share capital and $274,799 to warrants reserve based on a relative fair value basis. The relative fair value of the warrants was calculated using the following inputs to the Black-Scholes model: Stock price $0.03; Exercise price $0.1; Dividend Yield Nil; Expected volatility – 112.66%; Risk free interest rate – 1.49%; and Expected life – 1 to 2 years.

In July 2019, the Company has also received notification from holders of the Company's senior secured convertible debentures seeking conversion of part of their holdings. The debentures issued in a series of two (2) tranches on December 27, 2018 and January 11, 2019 have a term of two years and bear interest at a rate of 8% per annum. Total proceeds from both the tranches came to a total of $525,000, of which $125,000 of the note is being converted as per the provisions of the debenture. The conversion is set at a price of $0.05 whereby a total of 2,500,000 shares will be issued to holders of the debenture subject to TSX Venture Exchange approval.

Warrants

As at November 30, 2019, a summary of the status of the Company's warrants is presented below:

	Nine Months Ended November 30, 2019		Year Ended February 28, 2019	
	Number of Warrants	**Weighted Average Exercise Price**	**Number of Warrants**	**Weighted Average Exercise Price**
Beginning balance	16,222,500	$0.58	612,732	$1.50
Granted	26,825,940	$0.17	9,022,500	$0.18
Issued to effect the reverse acquisition (note 4)	-		7,900,000	$1.02
Expired	(7,200,000)	$1.11	(1,312,732)	$0.74
Ending balance	**35,848,440**	**$0.39**	**16,222,500**	**$0.58**

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Warrants (continued)

The Company had the following warrants outstanding at November 30, 2019:

Number of Warrants	Exercise Price	Expiry Date
1,260,000	$0.35	May 25, 2020
1,750,000	$0.20	August 10, 2020
500,000	$0.20	August 24, 2020
26,250	$0.15	January 9, 2021
236,250	$0.15	December 21, 2020
5,250,000	$0.15	December 21, 2020
22,325,940	$0.10	June 27, 2021
500,000	$0.10	June 27, 2020
4,000,000	$0.583	June 1, 2022
35,848,440		

During the year ended February 28, 2019, 1,312,732 warrants expired and the Company reclassified $456,927 from warrants reserve to deficit.

During the nine months period ended November 30, 2019, 7,200,00 warrants expired and the Company reclassified $350,550 from warrants reserve to deficit.

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 48,025,360 as at November 30, 2019. 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 Company also announced that it has granted an aggregate of 6,975,000 options to certain directors and officers; advisors and contractors of the Company in accordance with the Company's Stock Option Plan, of which 5,500,000 were granted to directors and senior officers. The options are exercisable at a price of $0.05 for a period of 5 years from the date of grant and expire on June 30, 2024. The options vest over a period of 1 year in equal installments of 1/3 of options granted every 4 months from the date of the grant.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (continued)

Stock Option Plan (continued)

The following summarizes the stock option activities under the Plan:

	Nine Months Ended November 30, 2019		Year Ended February 28, 2019	
	Number of Options	**Weighted Average Exercise Price**	**Number of Options**	**Weighted Average Exercise Price**
Beginning balance	7,182,831	$1.18	-	-
Issued to effect the reverse acquisition (note 4)	-	-	7,200,329	$1.17
Granted	6,975,000	$0.05	-	-
Expired/cancelled	(125,332)	$5.07	(17,498)	$5.42
Ending balance	**14,032,499**	**$0.58**	**7,182,831**	**$1.18**
Exercisable	**9,149,999**	**$0.58**	**7,182,831**	**$1.18**

The Company had the following options outstanding at November 30, 2019:

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Options Exercisable
$0.05	6,975,000	4.84 years	$0.05	2,092,500
$0.30	2,215,000	2.13 years	$0.30	2,215,000
$0.60	650,000	3.58 years	$0.60	650,000
$1.00	80,000	0.91 years	$1.00	80,000
$1.12	1,815,000	1.51 years	$1.12	1,815,000
$2.00	2,295,000	2.73 years	$2.00	2,295,000
$30.00	2,499	0.70 years	$30.00	2,499
	14,032,499	**2.34 years**	**$0.58**	**9,149,999**

9. SHARES TO BE ISSUED

During the year ended February 28, 2019, the Company received advances of $410,023 from GEM for shares to be issued. The shares were issued in June 2019 (Note 8)

The Company also settled debt amounting to $397,198 in exchange for 2,771,211 common shares in the share capital of Peeks and $100,000 payable after February 28, 2018. As at February 28, 2019, the company fair valued the shares to be issued at $190,772. A gain of $106,426 was recognised on settlement of debt through the statement of loss and comprehensive loss. The shares to be issued were revalued to $193,985 at February 28, 2019 using the market share price of $0.07 per share. The shares were issued on March 21, 2019 (Note 8).

10. SECURED NOTES AND CONVERTIBLE DEBT

As part of the reverse acquisition with Peeks Social Ltd., the Company acquired a secured note of $100,000 (the "Note") which bears interest at a rate of 12% per annum and was repayable on November 24, 2015. The Note is secured by a General Security Agreement over all present and future assets and intangibles of the Company. The Note remains partially outstanding as at February 28, 2019, with interest continuing to be accrued. During the year ended February 28, 2019, the Company made payments of $80,000 against the note, of which $48,200 was applied to accrued interest, and $31,800 was applied to the principal balance, resulting in a remaining balance of $68,200 relating to the Note being included in secured notes. As at February 28, 2019, there is $70,611 outstanding with accrued interest.

In October 2018, the Company issued $250,000 principal secured notes, which bear interest at a rate of 15% per annum payable monthly, with the principal balance being repayable twelve months from the date issued. These notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company. As at February 28, 2019, there is $250,000 outstanding (February 28, 2018 – $nil).

In December 2018, the Company issued $525,000 principal secured convertible notes, which bear interest at a rate of 8% per annum payable monthly, with principal balance being repayable twelve months from the date issued. These notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company. The secured convertible notes have a maturity date of December 21, 2020 and are convertible into common shares at a conversion price of $0.10 per common share. If any common shares of the Company are sold for a price less than $0.10 per Share prior to conversion or repayment of the Debentures (the "Repayment Date"), the Conversion Price of the Debentures will be adjusted downward to the price of such financing. In July 2019, the convertible note holder exercised the right to convert the secured convertible notes into 2,500,000 common shares at a price of $0.05 per share. The conversion price was adjusted to $0.05 in July 2019 in accordance with the terms of the convertible debentures (Note 8).

The Company also issued 5,250,000 warrants as part of the convertible notes. The warrants are exercisable on an one-for-one basis at a price of $0.15 per common share and expiry of December 21, 2020. If during the term of the Warrants, the Company issues warrants with an exercise price below $0.15 (the "Offering Warrant Price"), the Company will adjust the exercise price of the Warrants to equal the lesser of: (i) the Offering Warrant Price; or (ii) a 25% premium to any equity issued, provided that the exercise price of the Warrants shall not be below $0.10 per Share.

As part of the private placements, the company issued 262,500 brokers warrants. The warrants are exercisable on a one-for-one basis at a price of $0.15 per common share and expiry of December 21, 2020

10. SECURED NOTES AND CONVERTIBLE DEBT (continued)

The Company has elected to value the convertible debt and warrants instrument at fair value in accordance with IFRS 9. Upon issuance, the fair value of the instrument was equal to the face value of $525,000 and as at February 28, 2019, the fair value of the instrument amounted to $522,100 and the change in fair value was recorded in the statement of loss and comprehensive loss.

In July 2019, the Company has also received notification from holders of the Company's senior secured convertible debentures seeking conversion of part of their holdings (Note 8).

During the nine months ended November 30, 2019, the Company expensed $49,973 of interest (nine months ended November 30, 2018 - $6,250) and made repayment of $50,000 in principle (nine months ended November 30, 2018 – Nil) in relation to the secured notes.

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 nine months ended November 30, 2019 and the year ended February 28, 2019, are as follows:

a) On May 2, 2018, Peeks Social completed a reverse acquisition with Personas. See note 4.

b) During the year ended 28 February 2019, the Company paid $150,000 (2018 - $325,000) in consulting fees to Riavera Corp., a significant shareholder ("Riavera"), in relation to management consulting and technology integration services.

c) On July 4, 2017, and August 1, 2017, Peeks Social 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 beared interest at 5% per annum and were due on December 31, 2017. The due date was subsequently extended indefinitely pending the completion of the Amalgamation. Personas accrued $7,822 of interest on the loans prior to the Amalgamation. The loans and accrued interest were eliminated upon consolidation (see note 4).

d) As at the date of the Amalgamation, on May 2, 2018, advances from Peeks Social to Personas were $1,911,909 (including the notes payable and accrued interest - see note 11(c), which were eliminated on consolidation.

e) Immediately prior to the Amalgamation, Riavera forgave $3,450,732 of related party debt of Personas. See note 4.

f) Between May 2, 2018, and February 28, 2019, Riavera, along with Telebuy Inc. and Peeks.com Corp (entities under the control of the Company's CEO), (net of expenses and user withdrawals paid on behalf of the Company), which comprise the balance of due from related parties as at February 28, 2019. The advances from related parties were used for working capital distribution during the year ended February 28, 2019.

g) During the year ended February 28, 2019, the Company's CEO paid sponsorship fees of $140,000 on behalf of the Company along with advances for working capital. The company received reimbursements and advances netting to $360,272 owning to related parties at February 28, 2019.

h) During the nine months ended November 30, 2019, the Company paid $254,250 (nine months ended November 30, 2018 - $175,000) in consulting fees to Riavera Corp., a significant shareholder ("Riavera"), in relation to management consulting and technology integration services.

(Expressed in Canadian Dollars)

12. SEGMENTED INFORMATION

The Company operates in one operating segment. Management assesses performance and makes decisions about allocating resources based on this one business segment. All of the Company's assets are located in Canada. The following table shows the revenue for the three and nine months ended November 30, 2019 and the three and nine months ended November 30, 2018, based on the geographic location of the customer.

	Three Months ended November 30, 2019	**Three Months ended November 30, 2018**	**Nine Months ended November 30, 2019**	**Nine Months Ended November 30, 2018**
Canada	$22,022	$36,888	$64,678	$172,388
United States	515,930	1,291,082	1,632,790	4,452,933
Africa, The Middle East, and India	50,777	218,173	463,744	738,662
Europe	34,433	111,150	134,438	410,310
Other	20,947	28,297	61,835	95,304
Total	**$644,109**	**$1,685,590**	**$2,357,485**	**$5,868,597**

13. TRADE RECEIVABLES, NET OF EXPECTED CREDIT LOSSES ("ECL")

During the nine months ended November 30, 2019, the Company had outstanding accounts receivables of $124,993

	0 - 30	**31 - 60**	**61+**	**Total**
Default ECL rates (%)	0%	0%	0%	
Expected Credit Losses	-	-	-	-
Trade receivables	124,993	-	-	124,993
Total	**124,993**	**-**	**-**	**124,993**

14. COMMITMENTS

The Company is committed to a lease of a premises at 1 Eglinton Avenue East, Suite 300, in Toronto, Ontario. The lease commenced on August 15, 2013, and ends on November 30, 2023. As at November 30, 2019, 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	$305,099	$351,761	$656,860
Between one and five years	915,297	1,055,284	1,970,581
	$1,220,396	**$1,407,045**	**$2,627,441**

(Expressed in Canadian Dollars)

15. FINANCE LEASE

The cumulative effect of the changes made to the March 1, 2019 consolidated statement of financial position for the adoption of IFRS 16 is as follows:

	Balance as at February 28, 2019	IFRS 16 adjustments	Balance as at March 1, 2019	Movements for the period	Balance as at November 30, 2019
Non-current assets: Lease Receivable	-	987,251	**987,251**	(138,156)	**849,095**
Non-current liabilities: Lease Liability	-	1,202,378	**1,202,378**	(158,498)	**1,043,880**
Opening retained earnings	-	215,127	**215,127**	-	**215,127**

16. 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 of $50,000. The claim remains outstanding as at November 30, 2019.

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. On April 22, 2019, the Company settled the claim amounting to $60,000.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

(a) Fair Values

The carrying value of cash, accounts receivable, accounts payable and accrued liabilities, customer deposits, short-term loans payable, and due from related parties 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

(Expressed in Canadian Dollars)

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

- Level 3 – inputs for assets and liabilities not based upon observable market data

As at November 30, 2019, and February 28, 2019, 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 fixed rates of 12% and 15%, and the short-term loans payable bear interest at a fixed rate of 10%, 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.

(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. The Company has revenue from operations however continues to rely 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.

The Company has sustained losses over the last number of periods and has financed these losses mainly through a combination of equity and debt offerings. Management believes that it has raised sufficient cash to meet all of its contractual debt that is coming due in 2019 and has the ability to fund any operating losses that may occur in the upcoming periods.

The table below summarizes the Company's contractual obligations into relevant maturity groups at the balance sheet date based on the expected contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows for operations:

	2020	2021	2022	2023	2024 and thereafter	Total
Trade payables	$3,001,325	-	-	-	-	$3,001,325
Customer deposits	1,525,466	-	-	-	-	1,525,466
Secured notes & convertible debt	597,100	-	-	-	-	597,100
Total	**$5,123,891**	**-**	**-**	**-**	**-**	**$5,123,891**

(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 due from related parties. The Company's cash is on deposit with Canadian Tier 1 chartered banks therefore the associated credit risk is low. Accounts receivable and due from related parties are in the normal course of business.

18. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the three and nine months ended November 30, 2019:

a) The Company held its Annual General Meeting on Monday January 27, 2020, 3pm EST. The meeting was held at: 100 King St. West, Suite 1600, Toronto, ON, M5X 1G5

b) On January 2, 2020, the Company has completed the outstanding filings and administrative action as required by the TSX Venture Exchange (the "Exchange") in order to reinstate its common shares for trading on the Exchange. The common shares of the Company are expected to resume trading on January 3, 2020. In addition, in connection with completion of outstanding matters as part of the reactivation process with the Exchange, the Company cancelled 762,000 common shares that were issued on June 27, 2019, to the Company's former CFO.

c) On January 6, 2020, The Company agreed to issue an aggregate of 37,141,340 units at a price of $0.05 per units to Mark Itwaru, the Chief Executive Officer of the Company for gross proceeds of $1,857,067. The Company is relying upon available exemptions from Multilateral Instrument 61-101 - Protection of Minority Security Holders in Special Transactions in connection with the subscription for securities by its CEO as the transactions constitute "related party transactions".

   Each unit consists of one common share and one half of a common share purchase warrant of the Company. Each whole warrant is exercisable to purchase one additional common share of the Company at an exercise price of $0.075 per share for a period of 12 months from the date of issuance. The common shares and warrants will be subject to a four month hold period. The private placement is subject to the Company obtaining final acceptance from the TSX Venture Exchange upon the filing of required materials in due course.

   The private placement proceeds will be used for ongoing for general corporate purposes. The Company has been approved by the TSX Venture Exchange (the "Exchange") to seek up to a total of $5,000,000 under the same terms as those described above.

   The Company also announced that it has granted an aggregate of 33,992,800 options to certain directors and officers; advisors and contractors of the Company in accordance with the Company's Stock Option Plan, of which 26,492,800 were granted to directors and senior officers. The options are exercisable at a price of $0.05 for a period of 5 years from the date of grant and expire on January 30, 2025. The options vest over a period of 1 year in equal installments of 1/3 of options granted every 4 months from the date of the grant.