Peeks Social Ltd.

Condensed Consolidated Interim Financial Statements

For the Three and Nine Months Ended November 30, 2018 and the Three and Eleven Months ended November 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

MANAGEMENT'S COMMENTS ON UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

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

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

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

Peeks Social Ltd.

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

	November 30, 2018	February 28, 2018
Assets		
Current assets		
Cash	$ 38,742	$ 205,761
Accounts receivable	718,097	603,642
Other receivables and deposits	278,764	149,445
Due from related parties (Note 10)	11,716	-
Short-term investments (Note 7)	119,619	-
Prepaid expenses (Note 12)	230,509	-
Investments	-	100,198
	1,397,447	1,059,046
Prepaid expenses	51,748	-
Intangible assets	960	-
Property and equipment (Note 5)	59,290	8,603
Goodwill and other intangibles (Note 4)	29,415,458	-
	$ 30,924,903	$ 1,067,649
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	$ 3,320,085	$ 334,420
Customer deposits	1,474,295	505,426
Due to related parties (Note 10)	-	5,302,494
Short-term loans payable (Note 8)	300,000	-
Secured notes (Note 9)	338,200	-
	5,432,580	6,142,340
Shareholders' Equity (Deficiency)		
Share capital (Note 8)	31,679,677	5,028,691
Contributed surplus	5,808,366	-
Warrants reserve (Note 8)	1,466,987	420,360
Deficit	(13,462,437)	(10,523,742)
	25,492,593	(5,074,691)
	$ 30,924,903	$ 1,067,649

Nature of Operations and Going Concern (Note 1)
Related Party Transactions (Note 10)
Commitments (Note 12)
Subsequent Events (Note 15)

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

Peeks Social Ltd.

Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
For the Three and Nine Months Ended November 30, 2018 and the Three and Eleven Months Ended November 30, 2017
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	**Nine Months Ended November 30, 2018**	Eleven Months Ended November 30, 2017
Revenue				
Tipping revenue	$ **1,191,895**	$ 1,207,224	$ **4,151,248**	$ 3,423,114
Virtual currency revenue	**493,695**	100,867	**1,717,349**	291,897
	1,685,590	1,308,091	**5,868,597**	3,715,011
Expenses				
Cost of revenue (Note 10)	**1,250,125**	1,061,483	**4,518,082**	3,018,301
Salaries and benefits	**703,400**	442,132	**2,046,257**	1,716,228
Internet and communications	**362,079**	1,859	**854,908**	11,772
Advertising and marketing	**86,937**	40,500	**764,209**	227,414
Consulting fees (Note 10)	**194,926**	60,296	**374,276**	148,599
Office and general	**52,952**	55,628	**210,728**	116,070
Occupancy costs	**83,624**	25,611	**202,721**	123,281
Professional fees	**10,001**	149,122	**197,206**	481,012
Amortization	**26,694**	441	**61,770**	2,789
Foreign exchange (gain) loss	**7,400**	(1,857)	**(14,522)**	(9,440)
	2,778,138	1,835,215	**9,215,635**	5,836,026
Other expenses (income)				
Interest expense	**10,520**	-	**14,866**	-
Interest income	**(446)**	-	**(3,717)**	-
Unrealized (gain) loss on short-term investments (Note 7)	**(94,755)**	690,000	**(94,755)**	2,310,000
Realized gain on short-term investments (Note 7)	**(324,738)**	-	**(324,738)**	-
Share of loss of an associate, including dilution gains	**-**	-	**-**	75,915
	(409,419)	690,000	**(408,344)**	2,385,915
Net loss and comprehensive loss for the period	$ **(683,129)**	$ (1,217,124)	$ **(2,938,694)**	$ (4,506,930)
Net loss per share				
Basic and diluted	$ **(0.003)**	$ (0.011)	$ **(0.014)**	$ (0.04)
Weighted average number of common shares outstanding				
Basic and diluted	**243,636,725**	112,686,113	**212,590,346**	112,686,113

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

Peeks Social Ltd.

Condensed Consolidated Interim Statements of Changes in Equity
For the Nine Months Ended November 30, 2018, and the Eleven Months Ended November 30, 2017
(Expressed in Canadian Dollars)
(Unaudited)

	Common shares Number	Common shares Amount	Contributed surplus	Warrants reserve	Deficit	Total
Balance at January 1, 2017	**112,686,113**	**$ 2,047,150**	**$ -**	**$ 491,759**	**$ (4,910,327)**	**$ (2,371,418)**
Net loss for the period	-	-	-	-	(4,506,930)	(4,506,930)
Reallocation of expired warrants	-	-	-	(59,515)	59,515	-
Balance at November 30, 2017	**112,686,113**	**$ 2,047,150**	**$ -**	**$ 432,244**	**$ (9,357,742)**	**$ (6,878,348)**
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**

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

Peeks Social Ltd.

Consolidated Statements of Cash Flows

For the Nine Months Ended November 30, 2018 and the Eleven Months Ended November 30, 2017

(Expressed in Canadian Dollars)

(Unaudited)

	Nine Months Ended November 30, 2018	Eleven Months Ended November 30, 2017
Cash flows used in operating activities		
Net loss for the period	$ (2,938,694)	$ (4,506,930)
Items not affecting cash:		
Amortization	61,770	4,492
Accrued interest	13,250	-
Unrealized gain on short-term investments	(94,755)	2,310,000
Realized gain on short-term investments	(324,738)	
Share of loss of an associate, including dilutions gains	-	(75,915)
Changes in non-cash working capital items		
Accounts receivable	(49,783)	(909,802)
Other receivables and deposits	104,290	(43,901)
Prepaid expenses	197,889	5,313
Due to/from related parties	48,159	1,829,679
Accounts payable and accrued liabilities	240,144	(9,739)
Customer deposits	968,869	660,529
Net cash used in operating activities	(1,773,599)	(736,274)
Cash flows generated from financing activities		
Issuance of units, net of costs (Note 8)	547,800	-
Cash acquired on reverse acquisition	120,706	-
Proceeds from receipt of short-term loans (Note 8)	300,000	-
Repayment of subscription	-	(5,000)
Issuance of promissory notes (Note 9)	250,000	500,000
Short-term advances from bank		160,748
Repayment of secured notes	(11,800)	
Net cash generated from financing activities	1,206,706	655,748
Cash flows generated from (used in) investing activities		
Purchase of property and equipment	-	(2,751)
Proceeds from sale of short-term investments	399,874	
Net cash generated from (used in) investing activities	399,874	(2,751)
Net decrease in cash	(167,019)	(83,277)
Cash, beginning of period	205,761	183,278
Cash, end of period	$ 38,742	$ 100,001

Supplemental cash flow information		
Cash paid for interest	$ 51,950	-

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

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 by nature of it being under the common control of Peek Social's CEO, 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 (including 61,340,322 received by Mark Itwaru, the CEO of Peeks Social, and 55,346,527 received by Riavera) on May 7, 2018, at a negotiated price of $0.7308 per share. 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 the acquiree. Accordingly, these condensed consolidated interim 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 condensed consolidated interim financial statements being presented as an eleven-month period beginning immediately following the end of Personas' annual period ending December 31, 2016, and ending November 30, 2017.

These condensed consolidated interim financial statements for the three and nine months ended November 30, 2018, include the financial position and results of Personas (Peeks Social Holdings subsequent to May 2, 2018) for the three and nine months ended November 30, 2018, and Peeks Social and its wholly-owned subsidiaries Keek Inc. ("Keek"), and Primary Petroleum Canada Corporation ("PPCC") from May 2, 2018, the date of the Amalgamation. The comparative condensed consolidated interim financial statements for the three and eleven months ended November 30, 2017, are those of Personas, prior to the Amalgamation.

Going Concern

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

During the nine months ended November 30, 2018, the Company incurred a net loss of $2,938,694 (eleven months ended November 30, 2017 - $4,506,930) and, as of that date, the Company had accumulated a deficit of $13,462,437 (February 28, 2018 - $10,523,742) and negative cash flows from operations of $1,773,599 (eleven months ended November 30, 2017 - $736,274). Whether and when the Company can attain profitability and positive cash flows from operations is uncertain. These factors create material uncertainties that cast significant doubt upon the Company's ability to continue as a going concern.

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

2. BASIS OF PREPARATION

Statement of Compliance

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

These condensed consolidated interim financial statements follow the same basis of presentation, accounting policies, and methods of computation as were followed in the preparation of the Company's annual audited consolidated financial statements for the fourteen months ended February 28, 2018. Accordingly, these condensed consolidated interim financial statements should be read in conjunction with the Company's annual audited consolidated financial statements for the fourteen months ended February 28, 2018.

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors on January 29, 2019.

Basis of Presentation

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

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

Principles of Consolidation

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

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are outlined in the annual audited financial statements of Personas as at and for the fourteen months ended February 28, 2018, and the annual audited consolidated financial statements of Peeks Social for the year ended February 28, 2018, and have been applied consistently to all periods presented in these financial statements.

See note 4 for information regarding the accounting for the Amalgamation.

Adoption of New or Amended Accounting Standards

The Company adopted the following new standards during the nine months ended November 30, 2018. The adoptions had no impact to the condensed consolidated financial statements.

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

Requirements for financial liabilities were added in October 2010 and they largely carried forward existing requirements in IAS 39, except that fair value changes due to credit risk for liabilities designated at fair value through profit and loss would generally be recorded in other comprehensive income (loss).

IFRS 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 applies 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 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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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.

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 the accounting acquiree. The Amalgamation represents a business combination of entities under common control, which is outside of the scope of IFRS 3, "*Business Combinations*". Management has therefore applied the guidance under IAS 8, "*Accounting policies, changes in accounting estimates and errors*", which states that in the absence of an IFRS that specifically applies to a transaction, management shall use its judgement in developing and applying an accounting policy to that transaction. In management's judgement, it was determined to be prudent to apply the policies of IFRS 3, as IFRS 3 was deemed to most reliably reflect the economic substance of the transaction and to provide information that is complete in all material respect and most relevant to the economic decision-making needs of the users of the financial statements. Therefore, 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, warrants, and the value of the previously existing equity interest of Personas in Peeks Social. 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.

In accordance with IFRS 3 the reverse acquisition was accounted for using the purchase method. At November 30, 2018, the allocation of the purchase consideration has not been finalized and is still based on preliminary estimates in regards to the fair value of assets acquired. The acquired goodwill is primarily related to proprietary technology and technology platforms and related intellectual property, personnel, and the value attributed to the synergies of acquiring a company.

The actual fair value of the goodwill and other intangibles may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change. The Company intends to complete a formal assessment of the purchase price allocation prior to the Company's fiscal year ended February 28, 2019. The preliminary allocation of the purchase price to the estimated fair value of net assets acquired is as follows:

(Expressed in Canadian Dollars)

4. REVERSE ACQUISITION (Continued)

Net assets acquired:		
Cash	$	120,706
Accounts receivable		64,671
Other receivables and deposits		233,609
Short-term investments		100,000
Prepaid expenses		480,146
Intangible assets		4,054
Property and equipment		109,363
Advances to Personas (eliminated on consolidation)		1,911,909
Accounts payable and accrued liabilities		(2,732,270)
Secured notes		(100,000)
Fair value of identifiable net assets		192,188
Fair value of goodwill and other intangibles (i)		29,415,458
	$	**29,607,646**
Consideration comprised of:		
Fair value of 64,976,271 common shares issued at $0.405 per share (ii)		26,315,390
Fair value of 7,200,329 options issued, recorded in contributed surplus (iii)		1,900,709
Fair value of 7,900,000 warrants issued, recorded in warrants reserve (iv)		1,291,349
Fair value of existing equity interest (v)		100,198
	$	**29,607,646**

(i) The preliminary fair value of goodwill and other intangibles 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 actual fair value of the goodwill and other intangibles may differ from the amount disclosed in the preliminary purchase price allocation and is subject to change.

(ii) The fair value of the common shares was estimated to be $26,315,390 based on 64,976,271 common shares at a fair value of $0.405 per share. The fair value per share was estimated to be $0.405 based on the closing market price of Peeks Social shares as at May 1, 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 - $0.405; Exercise price - $1.19; Dividend Yield - Nil; Expected volatility - 141.42%; Risk-free interest rate - 2.17%; and, Expected life - 3.00 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 - $0.405; Exercise price - $1.02; Dividend Yield - Nil; Expected volatility - 141.42%; Risk-free interest rate - 2.17%; and, Expected life - 1.32 years.

(v) The fair value of the existing equity interest of Personas in Peeks Social was measured as the carrying value of the investment in associate accounts of Personas.

Immediately prior to the Amalgamation, Riavera forgave $3,450,731 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 contributed surplus. These amounts are not included in the preliminary purchase price allocation.

(Expressed in Canadian Dollars)

5. PROPERTY AND EQUIPMENT

For the Nine Months Ended November 30, 2018

	February 28, 2018	Additions (amortization)	**November 30, 2018**
Cost			
Furniture and fixtures	11,354	30,086	**41,440**
Leasehold improvements	-	79,277	**79,277**
Total cost	$ 11,354	$ 109,363	$ **120,718**
Accumulated amortization			
Furniture and fixtures	(2,751)	(12,430)	**(15,181)**
Leasehold improvements	-	(46,246)	**(46,246)**
Total accumulated amortization	$ (2,751)	$ (58,676)	$ **(61,427)**
Carrying value			
Furniture and fixtures	8,603	17,656	**26,259**
Leasehold improvements	-	33,031	**33,031**
Total carrying value	$ 8,603	$ 50,687	$ **59,290**

For the Fourteen Months Ended February 28, 2018

	December 31, 2016	Additions (amortization)	**February 28, 2018**
Cost			
Furniture and fixtures	11,354	-	**11,354**
Total cost	$ 11,354	$ -	$ **11,354**
Accumulated amortization			
Furniture and fixtures	(1,450)	(1,301)	**(2,751)**
Total accumulated amortization	$ (1,450)	$ (1,301)	$ **(2,751)**
Carrying value			
Furniture and fixtures	9,904	(1,301)	**8,603**
Total carrying value	$ 9,904	$ (1,301)	$ **8,603**

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities is comprised of the following:

	November 30, 2018	February 28, 2018
Trade payables	$ **2,455,631**	$ 177,409
Accrued liabilities	**864,454**	157,011
	$ **3,320,085**	$ 334,420

7. SHORT-TERM INVESTMENTS

During the year ended February 28, 2018, pursuant to a capital offering, Peeks Social 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). At the time of the purchase, Enthusiast Gaming Inc. was a private company. The price paid for the investment represents the fair value at the time of acquisition. 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 net income (loss).

(Expressed in Canadian Dollars)

During the nine months ended November 30, 2018, the Company sold 380,499 common shares of Enthusiast Gaming Inc. for an average price of $1.06 per share, resulting in a realized gain on disposal of short-term investments of $324,738. As at November 30, 2018, the common shares of Enthusiast Gaming Inc. had a fair value of $0.95 per share, resulting in an unrealized gain on short-term investments of $94,755.

8. SHARE CAPITAL

Authorized	
Unlimited	Common shares, no par value

On May 7, 2018, 64,976,271 common shares with a fair value of $26,315,390 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 (including 61,340,322 received by Mark Itwaru, the CEO of Peeks Social, and 55,346,527 received by Riavera) on May 7, 2018. The effective exchange ratio of the existing Personas shares was 1.445, resulting in the recording of an additional 53,945,652 common shares for accounting purposes as an effect of the exchange ratio of the reverse acquisition.

On May 25, 2018, 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. The common share purchase warrants have an ascribed value of $115,917.

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 common share purchase warrants have an ascribed value of $75,350.

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 common share purchase warrants have an ascribed value of $20,937.

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.

(Expressed in Canadian Dollars)

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.

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.

Warrants

During the nine months ended November 30, 2018, the Company extended the expiry date of outstanding warrants exercisable to purchase 7,200,000 common shares. Of the 7,200,000 Warrants, 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. These 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. Following the extension, the new expiry dates of these warrants are October 12, 2019, and October 28, 2019, respectively. All other terms and conditions of these warrants remain unchanged.

The fair value of warrants of $212,204 (net of $10,914 in allocated finder's fees) issued upon the non-brokered private placement financings was determined using the Black-Scholes option pricing model with the following weighted average inputs and assumptions:

	November 30, 2018	February 28, 2018
Risk free interest rate (%)	**2.16**	Nil
Expected volatility (%)*	**141**	Nil
Expected life (in years)	**2.00**	Nil
Expected dividends	**Nil**	Nil
Weighted average share price	**$0.16**	$-

*Based on the historical volatility of the Company.

(Expressed in Canadian Dollars)

8. SHARE CAPITAL (Continued)

Warrants (Continued)

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

	Nine Months Ended November 30, 2018			Fourteen Months Ended February 28, 2018		
	Number of Warrants		**Weighted Average Exercise Price**	Number of Warrants		Weighted Average Exercise Price
Beginning balance	**762,346**	**$**	**1.44**	762,346	$	1.44
Granted	**3,510,000**	**$**	**0.25**	-	$	-
Issued to effect the reverse acquisition (note 4)	**7,900,000**	**$**	**1.02**	-	$	-
Expired	**(1,462,346)**	**$**	**0.87**	-	$	-
Exercised	**-**	**$**	**-**	-	$	-
Ending balance	**10,710,000**	**$**	**0.87**	762,346	$	1.44

The Company had the following warrants outstanding at November 30, 2018:

Number of Warrants	**Exercise Price**	**Expiry Date**		**Ascribed Value**
3,338,498	$1.10	October 12, 2019		567,641
3,861,502	$1.10	October 28, 2019		687,142
1,260,000	$0.35	May 25, 2020		115,917
1,750,000	$0.20	August 10, 2020		75,350
500,000	$0.20	August 24, 2020		20,937
10,710,000			**$**	**1,466,987**

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 48,727,345 as at November 30, 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.

(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, 2018			Fourteen Months Ended February 28, 2018		
	Number of Options		**Weighted Average Exercise Price**	Number of Options		Weighted Average Exercise Price
Beginning balance	**-**	**$**	**-**	-	$	-
Issued to effect the reverse acquisition (note 4)	**7,200,329**	**$**	**1.19**	-	$	-
Expired/Cancelled	**(2,499)**	**$**	**20.00**	-	$	-
Ending balance	**7,197,830**	**$**	**1.18**	-	$	-
Exercisable	**7,197,830**	**$**	**1.18**	-	$	-

The Company had the following options outstanding at November 30, 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	2.37 years	$0.30	2,215,000	$0.30
$0.60	650,000	3.83 years	$0.60	650,000	$0.60
$1.00	80,000	1.16 years	$1.00	80,000	$1.00
$1.12	1,815,000	1.76 years	$1.12	1,815,000	$1.12
$2.00	2,295,000	2.98 years	$2.00	2,295,000	$2.00
$3.00	14,999	0.15 years	$3.00	14,999	$3.00
$4.80	11,666	0.38 years	$4.80	11,666	$4.80
$5.10	113,666	0.66 years	$5.10	113,666	$5.10
$30.00	2,499	0.95 years	$30.00	2,499	$30.00
	7,197,830	**2.49 years**	**$1.18**	**7,197,830**	**$1.18**

Maximum Share Dilution

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

	November 30, 2018	February 28, 2018
Common shares outstanding	**243,636,725**	121,204,802
Stock options outstanding to purchase common shares	**7,197,830**	-
Warrants outstanding to purchase common shares	**10,710,000**	762,346
Fully diluted common shares outstanding	**261,544,555**	121,967,148

9. SECURED NOTES

In November 2014 Peeks Social issued a secured note of $100,000 (the "Note") which bears interest at a rate of 12% per annum and was 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.

9. SECURED NOTES (Continued)

On November 24, 2015, the $100,000 principal amount Note matured. The Note remains partially outstanding as at November 30, 2018, with interest continuing to be accrued. During the nine months ended November 30, 2018, the Company made payments of $60,000 against the note, of which $48,200 was applied to accrued interest, and $11,800 was applied to the principal balance, resulting in a remaining balance of $88,200 relating to the Note being included in secured notes. During the nine months ended November 30, 2018, the Company expensed a total of $7,000 in interest related to the Note.

In October 2018, the Company issued $250,000 principal secured notes (the "2019 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. The 2019 Notes are secured by a General Security Agreement over all present and future assets and intangibles of the Company.

During the nine months ended November 30, 2018, the Company expensed $6,250 of interest in relation to the 2019 Notes, and made interest payments of $3,750 to certain holders.

10. 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, 2018, are as follows:

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

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

c) On August 14, 2015, Personas entered into a technology platform license agreement with Peeks Social. The agreement granted Personas a non-exclusive license to use Peeks Social's proprietary software to facilitate commercial transactions and communications on the Peeks Social platform. Pursuant to the technology agreement, Personas had agreed to pay Peeks Social a licensing fee equal to 30% of the gross profits earned by Personas through the use of Peeks Social's platform. Following the Amalgamation on May 2, 2018, (note 4) the licensing fees are eliminated on consolidation. Prior to the Amalgamation, the total license fee payable to Peeks Social for the period of March 1, 2018, to May 1, 2018, was $108,038 (eleven months ending November 30, 2017 - $319,739), which is included in cost of revenue. A total of $596,201 remained payable as of May 1, 2018 (February 28, 2018 - $488,163), which was eliminated on consolidation following the Amalgamation.

d) 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).

e) Prior to the Amalgamation, for the period of March 1, 2018, to May 1, 2018, Personas reimbursed Peeks Social $376,504 of advances (net of payments to broadcasters on the "Peeks Social" platform of $208,340 made by Peeks Social), which were a reduction of advances due to Peeks Social.

f) 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 10(d)), which were eliminated on consolidation.

g) Immediately prior to the Amalgamation, Riavera forgave $3,450,731 of related party debt of Personas. See note 4.

(Expressed in Canadian Dollars)

10. RELATED PARTY TRANSACTIONS (Continued)

h) Between May 2, 2018, and November 30, 2018, Riavera, along with Telebuy Inc. and Peeks.com Corp (entities under the control of the Company's CEO), received reimbursements and advances of $11,716 (net of expenses and user withdrawals paid on behalf of the Company), which comprise the balance of due from related parties as at November 30, 2018.

i) During the nine months ended November 30, 2018, the Company's CEO paid sponsorship fees of $140,000 on behalf of the Company, of which he was repaid $103,000. The remaining amount owing is netted against the balance of due from related parties.

11. 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, 2018, and the three and eleven months ended November 30, 2017, based on the geographic location of the customer:

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	**Nine Months Ended November 30, 2018**	Eleven Months Ended November 30, 2017
Canada	**$ 36,888**	$ 28,626	**$ 171,388**	$ 118,365
United States	**1,291,082**	1,001,936	**4,452,933**	2,827,292
Africa, The Middle East, and India	**218,173**	169,312	**738,662**	448,214
Europe	**111,150**	86,257	**410,310**	254,515
Other	**28,297**	21,960	**95,304**	66,625
Total	**$ 1,685,590**	$ 1,308,091	**$ 5,868,597**	$ 3,715,011

12. 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 November 30, 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	$ 305,099	$ 351,761	$ 656,860
Between one and five years	1,220,396	1,407,045	2,627,441
More than five years	-	-	-
	$ 1,525,495	**$ 1,758,806**	**$ 3,284,301**

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 - $30,000, 2020 - $480,000, 2021 - $530,000, and 2022 - $230,000.

12. COMMITMENTS (Continued)

The Company is also committed to a lease of a premises at 181 University Ave, Suite 2000, in Toronto, Ontario. The lease commenced on September 1, 2017, and ends on May 30, 2019. The Company prepaid $587,122 of rent in relation to this lease in July 2017. As at November 30, 2018, $167,749 of this is included in prepaid expenses. There are no future minimum lease payments over the course of the lease.

The Company is also committed to the issuance of 4,000,000 common share purchase warrants pursuant to the Funding Agreement with GEM. See note 8.

13. LEGAL PROCEEDINGS

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

During the year ended February 28, 2017, a claim was initiated against the Company regarding finder's fees for brokering investments and business partnerships. The Plaintiff claimed damages in the amount of $15,650,000. The Company is defending the lawsuit and believes the claim is completely without merit. Although the outcome of the claim is not determinable, Management strongly believes the financial impact is insignificant and has accrued the estimated financial effect. The claim remains outstanding as at November 30, 2018.

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.

14. 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
- Level 3 – inputs for assets and liabilities not based upon observable market data

As at November 30, 2018, and February 28, 2018, cash was carried at Level 1 in the fair value hierarchy. As at November 30, 2018, the short-term investment was carried at Level 1 in the fair value hierarchy.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(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. As at November 30, 2018, the Company carried net current liabilities of CDN$1,553,704 in USD$ (February 28, 2018 - CDN$809,307 in USD$). Accordingly, a 5% change in the US dollar exchange rate as at November 30, 2018, would have resulted in an exchange gain or loss of CDN$77,685 (February 28, 2018 - exchange gain or loss of CDN$40,465).

(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 14(f) to the condensed consolidated interim financial statements. 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.

Accounts payable and accrued liabilities, customer deposits, short-term loans payable, and secured notes are due within the current operating period. As at November 30, 2018, the Company had total cash of $38,742 (February 28, 2018 - $205,761) to settle current liabilities of $5,432,580 (February 28, 2018 - $6,142,340) 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 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.

(f) Capital Management

The Company considers its capital to be its equity attributable to shareholders, which is comprised of share capital, contributed surplus, warrants reserve, and deficit, which as at November 30, 2018, amounted to $25,492,593 (February 28, 2018 - capital deficiency of $5,074,691).

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

There were no changes in the Company's management of its capital during the nine months ended November 30, 2018. The Company is not subject to any externally imposed capital requirements.

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

(f) Capital Management (Continued)

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.

15. SUBSEQUENT EVENTS

The following significant transactions occurred subsequent to the nine months ended November 30, 2018:

a) The Company received an acceptance notice from GEM for the issuance of 586,000 common shares at a price of $0.066 per share, for a total purchase price of $38,676. The common shares will be issued following the receipt of the approval of the TSX Venture Exchange, and the proceeds from the share issuance are intended to be used as a partial repayment of the advance from GEM (see note 8).

b) On December 27, 2018 the Company closed the first tranche (the “First Tranche”) of a non-brokered private placement of senior secured convertible debentures in the aggregate principal amount of up to $1,050,000. The First Tranche was comprised of debentures in the principal amount of $472,500. The debentures bear interest at a rate of 8% per annum, but will increase to 12% per annum upon the occurrence of certain events of default. The repayment of the principal amount of the debentures and any accrued but unpaid interest thereon is secured against a General Security Agreement over all of the Company’s assets. The debentures will be convertible, in whole or in part, at the option of the holder, into common share of the Company at a conversion price of $0.10 per common share. Each debenture also includes one common share purchase warrant. Each warrant entitles the holder thereof to acquire one additional common share at a price of $0.15 per common share, provided that, if the Company subsequently issues common shares at a price of less than $0.10 per common share (a “Down Round”), it will, subject to the approval of the TSX Venture Exchange, amend the exercise price of the warrants to match the issuance price of the common shares issued in such Down Round.

c) On January 11, 2019, pursuant to the private placement noted above, the Company closed the second tranche (the “Second Tranche”) of senior secured convertible debentures. The Second Tranche was comprised of debentures in the principal amount of $52,500 and carries the same terms as the First Tranche. Cash finder’s fees of $3,250 were paid in connection with the Second Tranche, in addition to 26,250 warrants, which are exercisable into 5% of the common shares underlying the debentures issued pursuant to the Second Tranche.