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Canadian Securities Exchange
Form 2A

ANNUAL LISTING STATEMENT

January 28, 2019

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Introduction

This annual Listing Statement (the "**Listing Statement**") is furnished in connection with the fiscal year ended September 30, 2018 by and on behalf of the management of Peekaboo Beans Inc. (the “**Company**”, “**Peekaboo**” or “**Peekaboo Beans**”).

Forward-Looking Statements

Certain statements in this Listing Statement may constitute "forward-looking" statements which involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. When used in this Listing Statement, such statements use such words as "will", "may", "could", "intends", "potential", "plans", "believes", "expects", "projects", "estimates", "anticipates", "continue", "potential", "predicts" or "should" and other similar terminology. These statements reflect current expectations regarding future events and operating performance and speak only as of the date of this Listing Statement. Forward-looking statements include, among others, statements with respect to:

- the Company's expected future losses and accumulated deficit levels;
- the requirement for, and the Company's ability to obtain future funding on favourable terms or at all;
- the Company's dependence on management;
- the Company's plans in respect of development and operations;
- the Company's risks associated with economic conditions; and
- the Company’s conflicts of interest.

Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, the factors discussed under the heading "*Risk Factors*". Although the forward-looking statements contained in this Listing Statement are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward-looking statements and such statements should not be unduly relied upon by investors. These forward-looking statements are made as of the date of this Listing Statement. A number of factors could cause actual events, performance or results, including those in respect of the foregoing items, to differ materially from the events, performance and results discussed in the forward-looking statements. Factors that could cause actual events, performance or results to differ materially from those set forth in the forward-looking statements include, but are not limited to:

- the extent of future losses;
- the ability to obtain the capital required to fund development and operations;
- the ability to capitalize on changes to the marketplace;
- the ability to comply with applicable governmental regulations and standards;
- the ability to attract and retain skilled and experienced personnel;
- the impact of changes in the business strategies and development priorities of strategic partners;
- stock market volatility; and
- other risks detailed from time-to-time in the Company's ongoing quarterly and annual filings with applicable securities regulators, and those which are discussed under the heading "*Risk Factors*".

Readers should not place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur. Readers are cautioned that the foregoing lists of factors are not exhaustive. Each of the forward-looking statements contained in this Listing Statement are expressly qualified by this cautionary statement. The Company expressly disclaims any obligation or responsibility to update the forward-looking statements in this Listing Statement except as otherwise required by applicable law.

Market and Industry Data

This Listing Statement includes market and industry data that has been obtained from third party sources. The Company believes that its industry data are accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data are believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this Listing Statement or ascertained the underlying economic assumptions relied upon by such sources.

Currency Information

In this Listing Statement, unless otherwise indicated, all references to "$" or "CDN$" are to Canadian dollars.

2. Corporate Structure

2.1 – Corporate Name and Head Office and Registered Office

This Form 2A is filed in respect of Peekaboo, in connection with its annual filing requirements pertaining to its listing on the Canadian Securities Exchange ("**CSE**"). The head office, registered address and records office of the Company is located at 170 – 11120 Bridgeport Road, Richmond, British Columbia, Canada, V6X 1T2.

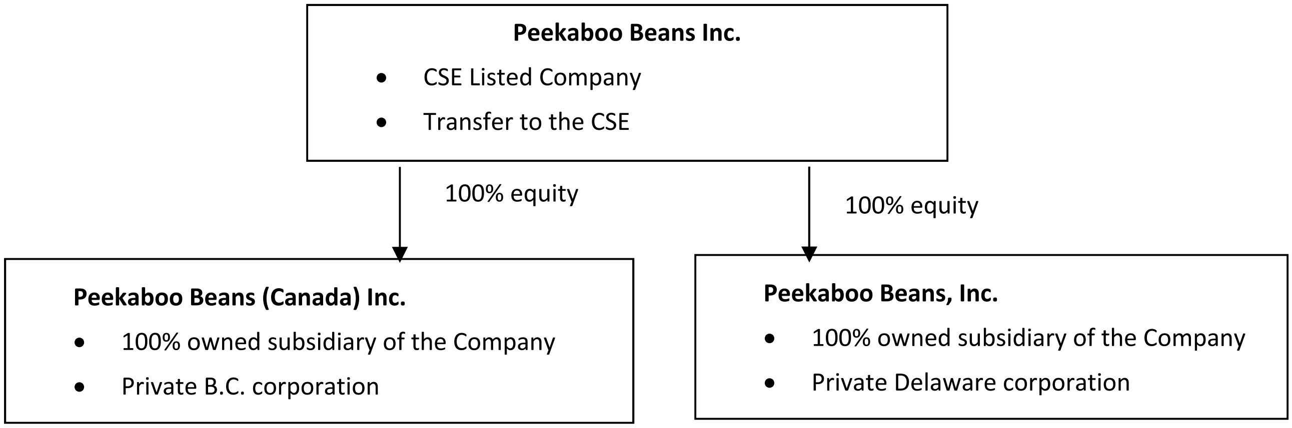
2.2 – Jurisdiction of Incorporation

The Company was incorporated on May 9, 1991 pursuant to the Business Corporations Act (*Alberta*) under the name of "Takla Star Resources Ltd.", it then continued into the federal jurisdiction of Canada on July 8, 2002 pursuant to the Canada Business Corporations Act (the "**CBCA**") under the name "North Group Finance Limited". On December 21, 2005, the Company discontinued under the CBCA and continued into British Columbia pursuant to the Business Corporations Act (*British Columbia*) (the "**BCBCA**"), it then changed its name from "North Group Finance Limited" to "Peekaboo Beans Inc." on September 23, 2016. The Company is a reporting issuer in the Provinces of British Columbia and Alberta.

2.3 – Intercorporate Relationships

On September 26, 2016, the Company completed a reverse takeover transaction (the "**RTO**"), which consisted of the acquisition by the Company of all of the issued and outstanding common shares in the capital of a private company incorporated under the CBCA named "Peekaboo Beans Inc." (which amalgamated and was renamed Peekaboo Beans (Canada) Inc. upon the completion of the RTO) ("**PBI**"), by way of a three-cornered amalgamation, pursuant to which a wholly-owned subsidiary of the Company "Peekaboo Beans (Canada) Inc." ("**PBI Canada**") amalgamated with PBI. Following completion of the RTO, PBI Canada became a wholly-owned subsidiary of the Company and is now the Canadian operating entity of the Company. On September 6, 2017, the Company incorporated a wholly-owned subsidiary pursuant to the General Corporation Law of the State of Delaware "Peekaboo Beans, Inc.", which is the US operating entity of the Company.

The diagram below describes the inter-corporate relationship between the Company and its subsidiaries:



2.4 – Fundamental Change

The Company is not requalifying following a fundamental change or proposing an acquisition, amalgamation, merger, reorganization or arrangement.

2.5 – Non-corporate Issuers and Issuers incorporated outside of Canada

This section is not applicable.

3. General Development of the Business

3.1 – General Development of the Business

The Company is classified as an industrial issuer producing a children's apparel brand with a focus on environmentally responsible clothes that are intentionally designed to inspire play. Through an omni-channel approach, Peekaboo engages sellers through social platforms, including Instagram and Facebook, as well as online retailers, to maximize revenue and build brand loyalty. The Company works to promote a playful lifestyle for children by designing comfortable clothes that are built to last. The Company's common shares (each a "**Common Share**") are currently listed on the Canadian Securities Exchange (the "**CSE**") under the symbol of "BEAN" and on the Over the Counter Market Place QB Exchange (the "**OTCQB**") under the symbol "PBBSF".

History

Founded in 2005, PBI was a privately held company headquartered in Richmond, British Columbia. After selling through specialty children's retail stores for several years, in fiscal 2010, PBI took control of its distribution channel by moving to a direct-sales network of sales representatives. Manufacturing moved from British Columbia to China in fiscal 2010. PBI experienced a doubling of year-over-year sales in fiscal 2011 after moving into the direct-sales channel. From fiscal 2011 to fiscal 2013, PBI built a strong Stylists base through word-of-mouth and demand for PBI's children playwear by investing in marketing and increasing brand awareness.

With an established Stylist base, PBI spent fiscal 2014 developing and testing a new Stylist compensation and reward program to be more aligned towards a direct-sales channel model. PBI identified sales leaders and formed a leadership group of Stylists, who were taught how to recruit and train new Stylists. PBI then began recruiting and training regional sales managers to manage the growing Stylist sales force. With input from direct-sales industry consultants, PBI officially launched and implemented the new compensation plan in fiscal 2015, which, in addition to increasing sales, would grow the Stylist base through strategic recruitment. The expansion plans required PBI to find a permanent source of working capital for increased inventory and apparel production deposits. The RTO completed in September 2016 provided access to additional capital for the Company and allowed Stylists to become shareholders of the Company, in addition to business operators.

Since closing of the RTO, Peekaboo has focused on its Canadian and US expansion efforts, growing sales by increasing Stylist recruitment.

In October of 2018 the Company reported the success of its updated loyalty programs that had been implemented. In addition to the programs, Peekaboo noted a significant increase in influencer activity on Instagram and Facebook. The loyalty programs are connected to the Company's transition from the traditional direct selling model to a modernized, technological approach to retail. Paid memberships provide loyal Peekaboo members additional discounts and free shipping; referral accounts are for customers who sign up on the website and earn points for social media activity; and lastly, affiliates are registered sellers of Peekaboo, who receive compensation through sales. Through its omni-channel approach, Peekaboo engages sellers through social platforms, as well as online retailers, to maximize revenue and build brand loyalty. The Company is working to promote a playful lifestyle for children by designing comfortable clothes that are built to last.

Recent Financings

On February 16, 2018, the Company completed a brokered private placement and issued an aggregate of 2,983,333 units of the Company at a price of $0.75 per unit for gross proceeds of approximately $2,237,500. Each unit consisted of one Common Share and one half of one Common Share purchase warrant, each whole warrant exercisable into one Common Share at a price of $1.00 until February 16, 2020. Agents' fees paid in connection with the financing totaled $267,136 in cash and 238,666 agents' warrants. The agents' warrants are exercisable on the same terms as the warrants which formed part of the units. The Company also issued 149,166 units as a corporate finance fee in connection with the private placement.

On September 27, 2018 the Company completed the first trance of a non-brokered private placement and issued an aggregate of 3,210,000 units of the Company at a price of $0.20 per unit for gross proceeds of approximately $642,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, each whole warrant exercisable into one Common Share at a price of $0.30 until September 26, 2020. In connection with the closing, a commission of $16,240 was paid to certain eligible finders and 81,200 finders warrants were issued. The finders warrants are exercisable into Common Shares at a price of $0.30 per finders warrant until September 26, 2020. On October 5, 2018 the Company completed the second and final trance of the non-brokered private placement and issued an aggregate of 750,000 units of the Company at a price of $0.20 per unit for gross proceeds of approximately $150,000. Each unit consisted of one Common Share and one-half of one Common Share purchase warrant, each whole warrant exercisable into one Common Share at a price of $0.30 until October 5, 2020. The warrants and finders warrants are subject to an accelerated expiry period. If, at any time during the term of the warrants the Company has achieved revenues of greater than or equal to $900,000 in any quarterly period as evidenced by the Company's quarterly financial statements then, subject to the Company issuing a press release announcing the acceleration, the Company may give notice to the holders of such warrants that the warrants will expire on the date that is 30 days from the date of such notice, provided, however, that that the Company will not be permitted to accelerate the expiry of such warrants if the acceleration occurs during any applicable four month hold period prescribed by applicable securities laws

On December 21, 2018 the Company completed a non-brokered private placement and issued an aggregate of 5,850,000 units of the Company at a price of $0.10 per unit for gross proceeds of approximately $585,000. Each unit consisted of one Common Share and one Common Share purchase warrant, each warrant exercisable into one Common Share at a price of $0.15 until December 21, 2021. In connection with the closing, a commission was issued to certain eligible finders, consisting of 340,000 Common Shares and 340,000 finders warrants. The finders warrants are exercisable into Common Shares at a price of $0.15 per finders warrant until December 21, 2021.

3.2 – Significant Acquisitions and Dispositions

Other than as described in sections 3.1 and 4.1 in this Listing Statement, no significant acquisitions or significant dispositions have been completed by the Company during the last three financial years or are contemplated.

3.3 – Trends, Commitments, Events or Uncertainties

Other than as described in this section 3.3, there are no trends, commitments, events or uncertainties known to management which could reasonably be expected to have a material effect on the Company's business, the Company's financial condition or results of operations. However, there are significant risks associated with the Company's business, as described in "Part 17 – Risk Factors".

4. Narrative Description of the Business

4.1 General

Business of the Company

The Company is a publicly owned direct-sales retailer of children's apparel operating in Canada and the US based out of Richmond, British Columbia. The Company designs and manufactures children's apparel that is stylish, functional and allows free, unstructured play for children. Peekaboo is helping to create a revolutionary lifestyle brand around the growing culture of children's play by focusing on the Company's core customers, "Parents".

Peekaboo's design team in British Columbia, Canada works with child development specialists, educators, and therapists to review, evaluate and create new designs that take into consideration the developmental needs of children by creating value with versatile pieces and longevity through quality construction.

The fabric that Peekaboo designs in-house for its apparel are third-party tested to guarantee that it is aligned with OEKO-TEK® Standard 100, an independent testing and certification system for all stages of production from textile raw materials to end products. The requirement is that all components of an item comply with the required criteria without exception, including the outer material, sewing threads, linings, prints, etc., as well as non-textile accessories such as buttons, zip fasteners, rivets, etc. for harmful substances and sensitivity to skin contact.

Operations

The Company does not own or operate any manufacturing facilities. Peekaboo works closely with its third-party contract manufacturers who adhere to a vendor code of ethics regarding social and environmental sustainability practices. Peekaboo relies on a limited number of suppliers to provide custom designed fabrics and follows the production of its apparel from raw fiber to finished garment.

Peekaboo's apparel is sold through an omni-channel approach, engaging sellers through social platforms, including Instagram and Facebook, online retailers, as well as its direct-sales network of independent sales representatives or "Stylists" in Canada and the US to maximize revenue and build brand loyalty. The Company expanded into the US in September 2017. The Company does not own, lease or operate any retail store locations. Peekaboo's direct-sales business offers Stylists the business opportunity to generate income and not sacrifice time with their families.

The direct-sales channel allows Peekaboo's Stylists to market actual products directly to customers, provide customers with a higher level of service and encourage repeat purchases through building personal relationships. As Stylists purchase the apparel themselves for their children, they can provide the first-hand testimonial of the quality of the apparel, which serves as a powerful sales tool and is strengthened by ongoing personal contact and education between the Stylists and Parents. The Company's network of Stylists encourages friends to host sales parties or "Pop-ups" in their homes to demonstrate and sell the Company's children's apparel. In return for hosting, the hosts receive free products and discounts. Pop-ups also act as business opportunities for Stylists to gain engagement to book more parties, present the direct-sales business opportunity to potential Stylists and market Peekaboo's brand and apparel.

Orders are processed through Peekaboo's online system, and payments are made at Pop-ups or directly on the Company's website, usually by credit cards.

Stated Business Objectives

In previous years, Peekaboo produced four seasonal collections each year with the Fall collection being the biggest season for sales. Starting in January 2017, the Company adopted a new rhythm to launch six collections in one calendar year, with the expectations that more frequent launches would generate more consistent sales and keep the Stylists and customers continuously engaged with Peekaboo's products. In evaluation of this product launch strategy, however, management has decided to resume its four seasonal collections rhythm in the calendar year 2018, which is better aligned with seasonal trend of its product. Management plans to source for special product launches to engage with Stylists and customers in between launches. During the second quarter of 2018, the Company has collaborated with other Canadian brands that share similar values with Peekaboo to create special product drops, including underwear and windbreaker jackets. The initiative has proved to be a success as the additional product mix incentivizes Peekaboo's loyal customers to increase their order size.

Peekaboo's short-term objectives for the next 12 months are to expand additional distribution channels and to enhance its current compensation plan. The cost of such objectives and targeted date to achieve them, are outlined in the table below.

Objective	Target Date	Projected Cost
Expand additional distribution channels as the phase two strategy of United States Expansion	October 1, 2019	Approximately $210,000
Enhance current compensation plan to incentivize people to join Peekaboo Beans community and sell the products	Ongoing	To be determined by Peekaboo

Principal Products or Services

Peekaboo's direct-sales business model allows the business to grow quickly with modest investment capital as most of the Company's costs are fixed once the investment has been made in the independent sales representative network. Peekaboo incurs minimal incremental direct costs to add new Stylists to the Company's existing markets. Stylist compensation varies directly with sales. Unlike other children's apparel manufacturers, the direct-sales model does not require significant expenditures for multiple retail store rent, retail sales staff and capital to hold inventory across a retail store network or costs for marketing and returned goods if sold through independent retail store network. In the direct-sales industry, the Stylists bear the majority of the consumer marketing expenses and sponsors coordinate a good proportion of the recruiting and training of new Stylists.

Production and Sales

Peekaboo's primary drivers for sales growth are growing the Stylists network, retaining current Stylists and increasing the average sales per Stylist. Other drivers that influence growth include Stylist and sales manager training and the time and costs to market and recruit new Stylists. Investing in brand awareness through campaigns promoting the importance of play to children's development increases the Stylist retention rate, which is largely influenced by Peekaboo's unique mission, culture and quality apparel. To be an active Stylist, a sales representative must achieve $900 in personal sales in a twelve-month period on a rolling basis.

Lease Arrangements

The Company's current lease was signed in September 2018 and runs until August 2020. The landlord is not a related person of the Company. The material payment terms of the lease are as follows: (i) $61,128 basic rent payable in twelve instalments in the first year at the first day of each month, (ii) $63,720 basic rent payable in twelve instalments in the second year at the first day of each month, and (iii) additional rent payable estimated at $2,154 per month in the first year.

Brand Recognition

The Company recognizes that its brand name and reputation associated with its brand are critical for its success in marketing and selling the apparel garments in a competitive children apparel industry. The Company has taken actions to protect its brand by registering the brand names in both countries where the Company has operations. *See "Narrative Description of the Business – Proprietary Protection."*

Seasonality

The Company's revenue trend is cyclical, corresponding to its four launches of seasonal collections. The Company has taken initiatives to source for accessories to complement the main collections to increase revenues in between seasonal launches.

Material Negotiations

The Company is not currently in any material negotiations. For a list of contracts potentially having a material impact on the Company's business over the next 12 months please see Section 22 – Material Contracts below.

Employees

As at the date of this Listing Statement, the Company has employees based out of its head office in Richmond and over 1,000 Stylists across Canada and the US. Stylists join Peekaboo's opportunity for a number of reasons. Many become a Stylist to earn part-time money to contribute to their family's income while receiving product discounts, and some are drawn to Peekaboo because they can be their own boss and earn substantial rewards based on their skills and hard work. Peekaboo has built a community where the Company helps parents across Canada and the US connect with each other, who shares the same belief in play as the Company, and together promote a playful lifestyle for children while also supporting their families at home. Peekaboo has ensured that there is an opportunity for everyone of any lifestyle to become a Stylist.

Revenues

Revenue represents sales of children apparel and catalogues. Sale of children apparel and catalogues, net of returns, is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, usually on delivery of the goods.

Funds Available and Use of Funds

The Company's recurring cash requirements include executive and employee salary compensation, distribution and information technology costs, administrative and public company costs.

The Company's recurring working capital requirements include financing the lead-time for inventory and apparel production deposits. The Company places apparel production deposits several months before the final purchase order and pays for goods before shipment to Canada from Vietnam, which happens several weeks before the Company receives payment for goods sold. Up until the RTO, the Company had used interest-bearing loans from related parties to fund the working capital required for the production-to-payment cycle.

The Company sells its apparel and holds cash in Canadian and United States Dollars. The fluctuation in the price of the Canadian dollar, United States Dollars and to a lesser degree, the Vietnamese Dong may affect financial performance. The economic health of the economies of North America and to a lesser extent Vietnam may affect the financial performance of the Company.

Growth strategies require the Company to fund a permanent source of working capital for increased inventory and apparel production deposits to fund the time when apparel orders are paid for and when the Company receives payment from Stylists and customers. The advantage of the direct-sales business model is that it allows Peekaboo the flexibility on when to expand as the majority of expansion costs are variable in nature and borne on the Stylist. During the first six months of fiscal 2018, the Company raised $3.73 million gross proceeds in private placements at $0.60 and $0.75 to provide working capital for apparel production deposits and US expansion.

As at the date of this Listing Statement the Company had working capital amounting to approximately $800,000 (as of the date of this Listing Statement the Company has $315,833.98 cash on hand). The Company expects to have total funds available to it of $315,833.98. The table does not include any proceeds that may be available to the Company through future financings, warrants or incentive stock options.

The following table sets out the principal purposes, using approximate amounts, for which the Company intends to use the estimated funds available to the Company for the 12 months following the date of this Listing Statement.

Use of Available Funds	Amount
Expenditures on Business(1)	$1,065,367
CSE Monthly Fees	$7,800
General and Administrative Expenses(2)	$3,059,531

(1) This amount includes but is not limited to, inventory and apparel production deposits, importing duty and taxes, and product sourcing agents' commission.

(2) Includes commissions, consulting fees, insurance, interests, occupancy costs, payroll, professional fees, public company costs and selling expenses.

Competitive Conditions

Peekaboo operates in a highly competitive market, children's apparel. The size and resources of some of Peekaboo's competitors may allow them to operate more effectively, which in turn could cause Peekaboo to lose market share and sales revenues. The children's apparel industry is very competitive and includes both branded and private label manufacturers. Due to the fragmented nature of the industry, Peekaboo also competes with many other manufacturers and retailers. Some of Peekaboo's competitors have greater financial resources and larger customer bases than Peekaboo. As a result, these competitors may be able to adapt to changes in customer requirements more quickly, take advantage of acquisitions and other opportunities more readily, devote greater resources to the marketing and sale of their products and adopt more aggressive pricing strategies than Peekaboo can.

Peekaboo competes with traditional apparel retailers such as The Gap, retailers specifically focused on children apparel including Zara Kids and specialty online retailers, such as the Tea Collection.

Proprietary Protection

Peekaboo plans to protect its intellectual property through trade secrets, reliance upon copyright legislation, common law trademark protection and trademark applications and registrations.

Peekaboo has registered the following trademarks:

i. Canadian trademark registered with the Canadian Intellectual Property Office. Valid from July 9, 2009 until July 9, 2024; and

ii. United States trademark registered with the United States Patent and Trademark Office. Valid from May 1, 2018 until May 1, 2028.

As of the date hereof, Peekaboo does not have any other rights to any intellectual property.

Lending and Investment Policies and Restrictions

This is not applicable to the Company.

Bankruptcy and Receivership

The Company has not been the subject of any bankruptcy or any receivership or similar proceedings against the Company or any of its subsidiaries or any voluntary bankruptcy, receivership or similar proceedings by the Company or its subsidiary, since its incorporation.

Material Restructuring

The Company has not completed any reorganizations in its last three financial years.

Social or Environmental Policies

While the Company has not implemented any social or environmental policies that are fundamental to its current operations, it strives to producing high-quality, environmentally responsible children's apparel.

4.2 – Asset Backed Securities

The Company does not have any asset backed securities.

4.3 – Companies with Mineral Properties

The Company does not have any mineral projects.

4.4 – Companies with Oil and Gas Operations

The Company does not have oil and gas operations.

5. Selected Consolidated Financial Information

5.1 – Annual Information

The information below should be read in conjunction with the management's discussion and analysis ("**MD&A**"), the audited consolidated financial statements and related notes and other financial information, all of which are available at www.sedar.com. This selected financial information has been prepared using accounting policies in compliance with International Financial Reporting Standards ("**IFRS**") issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee.

	Financial Year ended September 30, 2018	**Financial Year ended September 30, 2017**	**Financial Year ended September 30, 2016**
Net Sales	$2,753,106	$3,358,307	3,540,449
Income (Loss) before other expenses	$(3,210,779)	$(2,494,037)	$(1,157,404)
Net Income (Loss)	$(3,386,014)	$(3,000,404)	$(2,552,809)
- per share	$(0.23)	$(0.35)	$(0.66)
Total Assets	$2,197,030	$1,604,913	1,613,707
Total Long Term Liabilities	$1,619,917	$246,821	842,995

The Company has not declared any cash dividends as of the date hereof and does not currently have a dividend policy.

To date, the Company has incurred losses and further losses are anticipated as the Company further develops its business.

5.2 – Quarterly Information

The following table sets forth summary financial information for the Company for the eight most recently completed interim periods ending at the end of the most recently completed financial year end (September 30, 2018). This summary financial information should only be read in conjunction with the Company's financial statements, including the notes thereto.

	2018				**2017**			
	Q4	**Q3**	**Q2**	**Q1**	**Q4**	**Q3**	**Q2**	**Q1**
Net Sales	$544,992	$695,346	$752,227	$760,541	$862,160	$816,322	$928,311	$867,632
Net Income (Loss)	$(1,333,582)	$(439,869)	$(935,435)	$(677,128)	$(1,394,063)	$(352,771)	$(351,113)	$(315,238)
per share basis, basic and diluted per share	$(0.09)	$(0.03)	$(0.07)	$(0.06)	$(0.16)	$(0.09)	$(0.12)	$(0.11)

5.3 – Dividends

Dividends can be declared by the Company's board of directors when deemed appropriate from time to time. As of the date of this Listing Statement, the Company has not declared any dividends on the Common Shares and it is unlikely that earnings will be available for the payment of dividends in the foreseeable future.

5.4 – Foreign GAAP

Not applicable.

6. Management's Discussion and Analysis

The Company's MD&A for year ended September 30, 2018 should be read in conjunction with the financial statements of the Company for the year ended September 30, 2018, attached to this Listing Statement as Schedule "A". The Company's other public disclosure documents are available for viewing under the Company's profile at www.sedar.com.

7. Market for Securities

The Company's Common Shares currently trade on the CSE under the symbol "BEAN" and on the OTCQB under the symbol "PBBSF".

8. Consolidated Capitalization

The following table sets forth the consolidated capitalization of the Company as at September 30, 2018 and as of the date of this Listing Statement:

Authorized	Outstanding as at September 30, 2018	Outstanding as of this Listing Statement
Warrants	6,364,299	12,929,299
Stock Options	1,670,000	1,800,000
Common Shares	20,856,533	28,497,695
Convertible Debt	658,809	2,033,809

9. Option to Purchase Securities

As of the date of this Listing Statement, 1,800,000 Options are outstanding. The maximum aggregate number of Common Shares reserved for issuance and which may be purchased upon exercise of Options granted is equal to 10% of the issued Common Shares at the time the Option is granted. An aggregate of 1,800,000 Common Shares are reserved for issuance pursuant to Options as set forth below.

Optionee	Type of Option	Common Shares Issuance	Exercise Price	Expiry Date
Officers (1)	Stock Option	615,000	$0.60	May 12, 2027
		200,000	$0.80	Feb. 26, 2028
Directors (2)	Stock Option	20,000	$0.60	May 12, 2027
		200,000	$0.80	February 7, 2028
		30,000	$0.155	January 15, 2029
Officers of Subsidiaries	Nil	Nil	Nil	Nil
Directors of Subsidiaries	Nil	Nil	Nil	Nil
Employees	Stock Option	65,000	$0.60	May 12, 2027
		100,000	$0.24	July 27, 2023
		100,000	$0.16	October 29, 2023
Employees of Subsidiaries	Nil	Nil	Nil	Nil
Consultants	Stock Option	20,000	$0.60	Sept. 26, 2022
	Stock Option	150,000	$0.60	January 17, 2028
	Stock Option	100,000	$0.60	May 12, 2027
Investor Relations	Stock Option	200,000	$0.80	February 26, 2020
Other	Nil	Nil	Nil	Nil
TOTAL		**1,800,000**		

The Company's stock option plan (the "**Option Plan**") is a 10% "rolling" stock option plan. Pursuant to the terms of the Option Plan, the Board of Directors may designate directors, officers, employees and consultants (and any subsidiaries thereof) (the "Optionees") of the Company eligible to receive Options. The number of Common Shares subject to each Option, in addition to the exercise price, vesting period and term of each Option is to be determined by the Board of Directors.

The maximum aggregate number of Common Shares reserved for issuance and which may be purchased upon exercise of Options granted is equal to 10% of the issued shares of the Company at the time the Option is granted.

In accordance with its terms, in no case will the grant of Options under the Option Plan result in: (i) the number of Common Shares reserved for issuance pursuant to Options granted to any one individual, within any twelve-month period, exceeding in the aggregate 5% of the issued and outstanding Common Shares; (ii) the number of Common Shares reserved for issuance pursuant to Options granted all persons engaged by the Company to provide investor relations activities, within any twelve month period, exceeding in the aggregate 2% of the issued and outstanding Common Shares; or (iii) the number of Common Shares reserved for issuance pursuant to Options granted to any one consultant, in any twelve month period, exceeding in the aggregate 2% of the issued and outstanding Common Shares.

The price at which Common Shares may be purchased under any Option granted pursuant to the Option Plan (the "**Exercise Price**") shall not be less than the minimum exercise price determined under the applicable rules and regulations of all regulatory authorities and stock exchanges to which the Company is or may be subject, including the CSE. Subject to certain exceptions, any Options granted pursuant to the Option Plan will terminate within 90 days of the Optionee ceasing to be a director, officer, employee or consultant of the Company. Options held by any Optionee who ceases to be a director, officer, employee or consultant of the Company for "cause" as defined in the Option Plan, shall terminate immediately. If the Optionee dies during the term of the Option, the Options will expire one year after the date of the Optionee's death and may be exercised by the Optionee's legal personal representative until that time, or until the expiry date of the Option, whichever is earlier.

10. Description of the Securities

10.1 – Description of the Company's Securities

The Company is authorized to issue an unlimited number of Common Shares without nominal or par value. As of the date hereof, there are 28,497,695 Common Shares issued and outstanding.

The holders of Common Shares are entitled to receive notice of and to attend all meetings of the Shareholders and shall have one vote for each Common Share held at all meetings of the Shareholders. The holders of Common Shares are entitled to: (a) receive any dividends as and when declared by the Board of Directors, out of the assets of the Company properly applicable to the payment of dividends, in such amount and in such form as the Board of Directors may from time to time determine; and (b) receive the remaining property of the Company (after payment of all outstanding debts) in the event of any liquidation, dissolution or winding-up of the Company. The holders of the Common Shares have no pre-emptive, redemption or conversion rights, sinking or purchase fund provisions, provisions permitting or restricting the issuance of additional securities or provisions requiring a securityholder to contribute additional capital.

10.2 – 10.6 – Miscellaneous Securities Provisions

None of the matters set out in sections 10.2 to 10.6 of CSE Form 2A are applicable.

10.7 – Prior Sales of Common Shares

The following table summarizes the issuances of Common Shares or securities convertible into Common Shares for the 12 month period prior to the date of the Listing Statement.

Date Issued	Class of Security	Number of Common Shares Issued/Issuable	Price/Deemed Price/Exercise Price of Security
December 21, 2018	Common Shares	6,190,000	$0.10
December 21, 2018	Warrants(1)	6,190,000	$0.15
November 6, 2018	Common Shares	701,162	$0.20
November 6, 2018	Promissory Note(2)	1,375,000	$0.20
October 4, 2018	Common Shares	750,000	$0.20
October 4, 2018	Warrants(3)	375,000	$0.30
September 26, 2018	Common Shares	3,210,000	$0.20
September 26, 2018	Warrants(4)	1,686,200	$0.30
March 9, 2018	Convertible Debenture(5)	246,296	$0.75
March 2, 2018	Common Shares	7,333	$0.60
March 2, 2018	Warrant(6)	12,667	$0.80
February 16, 2018	Common Shares	3,132,499	$0.75
February 16, 2018	Warrant(7)	1,566,248	$1.00
February 16, 2018	Agents' Warrants(8)	238,666	$0.75
February 2, 2018	Common Shares	18,000	$0.60

Notes:

(1) Each warrant is exercisable into one Common Share at $0.15 until December 21, 2021.

(2) The Promissory note has an outstanding principal amount of $275,000, accrues interest at a rate of 12% per annum, matures on November 6, 2021, and is convertible into units of the Company, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.20 per unit. Each whole warrant is exercisable, at a price of $0.30 per Common Share until November 6, 2021.

(3) Each warrant is exercisable into one Common Share at $0.30 until October 4, 2020.

(4) Each warrant is exercisable into one Common Share at $0.30 until September 26, 2020.

(5) The convertible debenture has an outstanding principal amount of $184,722.17, accrues interest at a rate of 12% per annum, matures on March 9, 2020, and is convertible into units of the Company, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.75 per unit. Each whole warrant is exercisable, at a price of $0.80 per Common Share until December 31, 2019.

(6) Each warrant is exercisable into one Common Share at $0.80 until May 12, 2019.

(7) Each warrant is exercisable into one Common Share at $1.00 until February 16, 2020.

(8) Each agents' warrant is exercisable for one unit at a price of $0.75 per unit until February 16, 2020, with each unit being comprised of one Common Share and one half of one Common Share purchase warrant, each whole warrant exercisable at $1.00 until February 16, 2020.

10.8 – Stock Exchange Price

The Common Shares are listed and posted for trading on the CSE under the trading symbol "BEAN". The following table sets forth the daily high and low closing trading prices and the volume of the trading of the Common Shares, on days which there was trading activity, on the CSE for the periods indicated.

	Price Range Per Common Share		
	High	Low	Volume
January, 2019(1)	$0.18	$0.18	74,547
December, 2018	$0.12	$0.11	56,587
November, 2018	$0.13	$0.12	30,703
October, 2018	$0.21	$0.20	39,913
September, 2018	$0.21	$0.20	82,768
August, 2018	$0.22	$0.22	15,706
July, 2018	$0.27	$0.26	24,382

June, 2018	$0.34	$0.32	28,993
May, 2018	$0.43	$0.41	20,698
April, 2018	$0.50	$0.48	14,974
March, 2018	$0.60	$0.58	13,010
February, 2018	$0.77	$0.74	28,971
January, 2018	$0.74	$0.69	76,976

Notes:

(1) Up to and including January 25, 2019.

11. Escrowed Securities

As of the date of this Listing Statement the following Common Shares of the Company are held in escrow:

Designation of class held in escrow	Number of securities held in escrow	Percentage of class
Common Shares	222,810	0.78%
Common Shares	1,106,295	3.88%

Notes:

1. Held in escrow pursuant to a Value Security Escrow Agreement with Computershare Trust Company dated September 23, 2016 with release dates remaining of September 28, 2018, March 28, 2019 and September 28, 2019.
2. Held in escrow pursuant to a Surplus Security Escrow Agreement with Computershare Trust Company dated September 23, 2016 with release dates remaining of September 28, 2018, March 28, 2019 and September 28, 2019.

12. Principal Shareholders

To the knowledge of the Company, no security holder of the Company owns, directly or indirectly, or exercises control or direction over, voting securities carrying more than 10% of the voting rights attached to any class of voting securities of the Company.

12.1. – Voting Trusts

To the knowledge of the Company, no voting trust exists within the Company such that more than 10 percent of any class of voting securities of the Company are held, or are to be held, subject to any voting trust or similar agreement.

12.2. – Associates and Affiliates

This section is not applicable.

13. Directors and Officers

13.1 – 13.3 – Directors and Officers

The following table sets forth the names and location of residence of the officers and directors of the Company, their positions and their principal occupations:

Name and Municipality of Residence	Position with the Company[5]	Number of Common Shares	Principal Occupation for the Past 5 Years
Traci Costa[2] *Surrey, British Columbia*	Director, President and CEO since September 23, 2016	793,939 2.79%[5]	Mrs. Costa founded Peekaboo in 2006 and is presently the President and CEO.
Sarah Bundy[1] [2] [3] *Surrey, British Columbia*	Director since January 15, 2019	Nil	Ms. Bundy is the founder and currently leads All Inclusive Marking.
Darrell Kopke[1] [2] [3] *West Vancouver, British Columbia*	Director since September 23, 2016	290,000 1.02%[5]	Mr. Kopke was the founder of Institute B in 2010 and is presently the CEO.
Dave Fong *Vancouver, British Columbia*	CFO since December 11, 2018	Nil	Mr. Fong is a partner at LFG, a licensed CPA firm.

Notes:

(1) Independent Director.
(2) Member of the Audit Committee.
(3) Member of the Human Resources and Compensation Committee.
(4) Each director's term of office will expire at the next annual meeting of the shareholders unless re-elected at such meeting.
(5) Based on 28,497,695 common shares issued and outstanding as of the date of this Listing Statement.

13.4 – Board Committees of the Company

The Company currently has the following committees:

Audit Committee

The purpose of the Audit Committee is to assist the board of directors in discharging its responsibilities with respect to: the integrity of the financial statements and the financial reporting process; external and internal audits; compliance with legal and regulatory requirements; internal controls; financial risk management; and disclosure.

Human Resources and Compensation Committee

The purpose of the Human Resources and Compensation Committee is to assist the board of directors in discharging its responsibilities with respect to human resources; including: performance, development, compensation, and succession. For the purposes of this committee, compensation includes, but is not limited to: cash or deferred payments, incentive and equity compensation, benefits and perquisites, employment terms and conditions, retention and/or termination/severance agreements, and any other programs that would be considered compensation by regulatory bodies.

13.5 – Principal Occupation of Directors and Officers

See table 13.1 – 13.3 above.

13.6 – Corporate Cease Trade Orders or Bankruptcies

No director, officer or a shareholder of the Company holding a sufficient number of securities of the Company to affect materially the control of the Company other than disclosed herein:

(a) is, as at the date of this Listing Statement, or has been, within ten years before the date of this Listing Statement, a director or officer of any company, including the Company, that:

(i) was subject to a cease trade order or similar order or an order that denied the relevant company access to any exemption under Ontario securities law, that was in effect for a period of more than 30 consecutive days while that person was acting in the capacity as director or officer; or

(ii) was subject to a cease trade or similar order or an order that denied the company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director or officer of the company and which resulted from an event that occurred while that person was acting in the capacity as director or officer; or

(b) is as at the date of this Listing Statement or has been within the 10 years before the date of this Listing Statement, a director or officer of any company, including the Company, that while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(c) has, within the 10 years before the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

13.7 - 13.8 - Penalties Sanctions and Settlements

No director, officer, or promoter of the Company, or any shareholder anticipated to hold a sufficient amount of securities of the Company to materially affect control of the Company, has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that would be likely to be considered important to a reasonable investor making an investment decision.

13.9 – Personal Bankruptcies

No director, officer or promoter of the Company, or a shareholder anticipated to hold a sufficient amount of securities of the Company to affect materially the control of the Company, or a personal holding company of any such persons, has, within the 10 years preceding the date of this Listing Statement, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

13.10 – Conflicts of Interest

Conflicts of interest may arise as a result of the directors, officers and promoters of the Company also holding positions as directors or officers of other companies. Some of the individuals who will be directors and officers of the Company have been and will continue to be engaged in the identification and evaluation of assets, businesses and companies on their own behalf and on behalf of other companies, and situations may arise where the directors and officers of the Company will be in direct competition with the Company. Conflicts, if any, will be subject to the procedures and remedies provided under the BCBCA.

13.11 – Directors and Officers

Other than as set forth below, no director or officer has entered into a non-competition, nondisclosure, or confidentiality agreement with the Company. Traci Costa and Nikki Mayer are the only directors and officers that are also employees of the Company.

Traci Costa – *President, Chief Executive Officer, Director and Member of the Audit Committee (Age 46)*

Mrs. Costa founded Peekaboo in 2006. Peekaboo has since become the largest children's apparel direct sales retailer in Canada. Mrs. Costa is a "YMCA Women of Distinction Award" winner (2016 and 2015), an "Ethel Tibbits Women of Distinction Business Award" winner (2015), a recipient of the "Richmond Chamber of Commerce Business Excellence Award" (2015) and a "Business in Vancouver Top Forty Under 40 Award" winner (2010). Prior to founding Peekaboo, Mrs. Costa was a senior executive assistant for the Aquilini Investment Group and Markin Developments from 1993 to 2000 and a national operations manager of a communications distributor from 2001 to 2006. Mrs. Costa sits on the board of directors for the non-profit organization Playground Builders and has been involved with In the Forum of Women Entrepreneurs and the Women's Enterprise Network as a committee member and as part of their mentorship program. Mrs. Costa is a graduate of Steveston High School.

Mrs. Costa has not entered into a non-competition, or confidentiality agreement with the Company but is negotiating an executive employment agreement with the Company that will have non-competition and confidentiality clauses. It is expected that Mrs. Costa will devote approximately 100% of her time to the business of the Company to effectively fulfill her duties as the President, Chief Executive Officer and Director.

Dave Fong – *Interim Chief Financial Officer (Age 37)*

Mr. Fong has a long-time history with Peekaboo Beans working in a financial consulting capacity for over 5 years. Mr. Fong has consulted on a range of small-medium size enterprises in various sectors ranging from technology, agriculture and consumer brands and in capacities ranging from strategic acquisition advisory to management reporting and financial modeling. He obtained his Chartered Accountant (CPA) designation with BDO Canada LLP, specializing in assurance for public multi-national clients in a variety of industries including mining, oil and gas, technology, manufacturing and real estate.

Mr. Fong has not entered into a non-competition, or confidentiality agreement with the Company. It is expected that Mr. Fong will devote approximately 30% of his time to the business of the Company to effectively fulfill his duties as Interim Chief Financial Officer.

Darrell Kopke *– Director, Member of the Audit Committee and Member of the Human Resources and Compensation Committee (Age 48)*

Mr. Kopke has been a director of, and an initial investor in, Peekaboo since 2006. Mr. Kopke is the Founder and CEO of Ædelhard and is an Adjunct Professor of Entrepreneurship at the University of British Columbia’s Sauder School of Business. Previously, Mr. Kopke was the CEO of Kit and Ace Designs Ltd., a global designer and retailer of technical luxury apparel and accessories based in British Columbia, Canada. Mr. Kopke was a member of the group of founders of Lululemon, serving as Asia-Pacific Managing Director until 2009. Mr. Kopke earned a Master in Business Administration in Supply Chain Management degree from the University of British Columbia (2001) and a Bachelor of Commerce degree in Marketing from Concordia University (1993). Mr. Kopke was a "Business in Vancouver Top Forty under 40" award winner (2006).

Mr. Kopke has not entered into a non-competition, or confidentiality agreement with the Company. It is expected that Mr. Kopke will devote approximately 20% of his time to the business of the Company to effectively fulfill his duties as a director. Mr. Kopke is an independent contractor of the Company.

***Sarah Bundy** – Director, Member of the Audit Committee and Member of the Human Resources and Compensation Committee (Age 38)*

Ms. Bundy is an award-winning business and digital marketing thought leader, ranked in the Top 40 Under 40, Top 100 Fastest Growing Companies in Canada, Top 100 Female Entrepreneurs in Canada and Top 40 Digital Marketing Strategists of 2012. Ms. Bundy is also recognized as an expert in performance marketing by the New York Times and is listed in the Top 50 Industry Players and Most Influential Affiliate Marketers of 2018 world-wide. In 2009, Ms. Bundy founded (and currently leads) All Inclusive Marketing (AIM), a leading performance marketing agency known for delivering innovative, experience-driven results led by their team of experts. In 2018, AIM won the Global Excellence Award in Performance Marketing at the PMA Awards in London, achieving global recognition for setting the standard of excellence in affiliate program management. AIM's clients range from e-commerce startups to leading retail and travel brands who want effective performance marketing strategy and execution that delivers new customer acquisitions, increased market share and higher ROI.

Ms. Bundy has not entered into a non-competition, or confidentiality agreement with the Company. It is expected that Ms. Bundy will devote approximately 20% of her time to the business of the Company to effectively fulfill her duties as a director. Ms. Bundy is an independent contractor of the Company.

14. Capitalization

14.1 – Capitalization

Issued Capital: *Common Shares*

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
Public Float				
Total outstanding (A)	28,497,695	45,260,803	100%	100%
Held by Related Persons or employees of the Issuer or Related Person of the Issuer, or by persons or companies who beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer (or who would beneficially own or control, directly or indirectly, more than a 5% voting position in the Issuer upon exercise or conversion of other securities held) (B)	3,303,939	3,648,939	12%	8%
Total Public Float (A-B)	25,193,756	43,111,864	88%	92%
Freely-Tradeable Float				
Number of outstanding securities subject to resale restrictions,	8,970,267	16,910,267	31%	37%

	Number of Securities (non-diluted)	Number of Securities (fully-diluted)	% of Issued (non-diluted)	% of Issued (fully diluted)
including restrictions imposed by pooling or other arrangements or in a shareholder agreement and securities held by control block holders (C)				
Total Tradeable Float (A-C)	19,527,428	28,350,536	69%	63%

Public Securityholders (Registered)

Class of Security Common Shares

Size of Holding	Number of holders	Total number of securities
1 – 99 securities	Nil	N/A
100 – 499 securities	1	450
500 – 999 securities	5	3,325
1,000 – 1,999 securities	62	66,809
2,000 – 2,999 securities	18	36,250
3,000 – 3,999 securities	12	37,670
4,000 – 4,999 securities	8	33,687
5,000 or more securities	15	76,864
Total	**195**	**28,497,695**

Total Board Lots: 500+ shares: 194

Total Shares: 28,497,245 (held by Board Lot holders)

Non-Public Securityholders (Registered)

Class of Security		Common Shares
Size of Holding	**Number of holders**	**Total number of securities**
1 – 99 securities	Nil	N/A
100 – 499 securities	Nil	N/A
500 – 999 securities	Nil	N/A
1,000 – 1,999 securities	Nil	N/A
2,000 – 2,999 securities	Nil	N/A
3,000 – 3,999 securities	Nil	N/A
4,000 – 4,999 securities	Nil	N/A
5,000 or more securities	2	1,083,939
Total	**2**	**1,083,939**

14.2 – Convertible/Exchangeable Securities

The following table sets out information regarding securities convertible or exchangeable into Common Shares as of the date of this Listing Statement:

Description of Security (include conversion/exercise/terms, including conversion/exercise price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Stock Options ($0.60)(1)	800,000	800,000
Stock Options ($0.60)(2)	20,000	20,000
Stock Options ($0.60)(3)	150,000	150,000
Stock Options ($0.80)(4)	200,000	200,000
Stock Options ($0.80)(5)	200,000	200,000
Stock Options ($0.80)(6)	200,000	200,000
Stock Options ($0.24)(7)	100,000	100,000
Stock Options ($0.16)	100,000	100,000
Stock Options ($0.155)	30,000	30,000
Convertible Debenture(10)	246,296	246,296
Warrant(11)	12,667	12,667
Warrant(12)	1,566,248	1,566,248
Agents Warrants(13)	238,666	238,666
Warrants(14)	169,066	169,066
Warrants(15)	439,055	439,055
Convertible Debenture(16)	412,513	412,513
Warrants(17)	482,218	482,218
Warrants(8)	1,383,582	1,383,582
Agents Warrants(19)	86,597	86,597

Description of Security (include conversion/exercise/terms, including conversion/exercise price)	Number of convertible/exchangeable securities outstanding	Number of listed securities issuable upon conversion/exercise
Warrants[20]	300,000	300,000
Warrants[21]	1,686,200	1,686,200
Warrants[22]	375,000	375,000
Promissory Note[23]	1,375,000	1,375,000
Warrants[24]	6,190,000	6,190,000

Notes:

(1) Each Option is exercisable for one Common Share at a price of $0.60 per Common Share expiring May 12, 2027. 800,000 Options are currently exercisable.

(2) Each Option is exercisable for one Common Share at a price of $0.60 per Common Share expiring September 26, 2022. 20,000 Options are currently exercisable.

(3) Each Option is exercisable for one Common Share at a price of $0.60 per Common Share expiring January 17, 2028. 150,000 Options are currently exercisable.

(4) Each Option is exercisable for one Common Share at a price of $0.80 per Common Share expiring February 7, 2028. 50,000 Options are currently exercisable.

(5) Each Option is exercisable for one Common Share at a price of $0.80 per Common Share expiring February 26, 2028. 150,000 Options are currently exercisable.

(6) Each Option is exercisable for one Common Share at a price of $0.80 per Common Share expiring February 26, 2028. 50,000 Options are currently exercisable.

(7) Each Option is exercisable for one Common Share at a price of $0.24 per Common Share expiring July 27, 2023. 100,000 Options are currently exercisable.

(8) Each Option is exercisable for one Common Share at a price of $0.16 per Common Share expiring October 29, 2023. 100,000 Options are currently exercisable.

(9) Each Option is exercisable for one Common Share at a price of $0.155 per Common Share expiring January 15, 2029. 10,000 Options are currently exercisable.

(10) The convertible debenture has an outstanding principal amount of $184,722.17, accrues interest at a rate of 12% per annum, matures on March 9, 2020, and is convertible into units of the Company, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.75 per unit. Each whole warrant is exercisable, at a price of $0.80 per Common Share until December 31, 2019.

(11) Each warrant is exercisable into one Common Share at $0.80 until May 12, 2019.

(12) Each warrant is exercisable into one Common Share at $1.00 until February 16, 2020.

(13) Each agents' warrant is exercisable for one unit at a price of $0.75 per unit, with each unit being comprised of one Common Share and one half of one Common Share purchase warrant, each whole warrant exercisable at $1.00 until February 16, 2020.

(14) Each warrant is exercisable into one Common Share at $0.60 until December 20, 2019.

(15) Each warrant is exercisable into one Common Share at $0.80 until September 28, 2019.

(16) The convertible debenture has an outstanding principal amount of $245,202.43, accrues interest at a rate of 12% per annum, matures on December 31, 2019, and is convertible into units of the Company, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.60 per unit. Each whole warrant is exercisable, at a price of $0.80 per Common Share until December 31, 2019.

(17) Each warrant is exercisable into one Common Share at $0.80 until June 29, 2019.

(18) Each agents' warrant is exercisable for one unit at a price of $0.60 per unit, with each unit being comprised of one Common Share and one half of one Common Share purchase warrant, each whole warrant exercisable at $0.80 until May 12, 2019.
(19) Each warrant is exercisable into one Common Share at $0.60 until May 12, 2019.
(20) Each warrant is exercisable into one Common Share at $0.80 until March 30, 2019.
(21) Each warrant is exercisable into one Common Share at $0.30 until September 26, 2020.
(22) Each warrant is exercisable into one Common Share at $0.30 until October 4, 2020.
(23) The Promissory note has an outstanding principal amount of $275,000, accrues interest at a rate of 12% per annum, matures on November 6, 2021, and is convertible into units of the Company, comprised of one Common Share and one-half of one Common Share purchase warrant, at a price of $0.20 per unit. Each whole warrant is exercisable, at a price of $0.30 per Common Share until November 6, 2021.
(24) Each warrant is exercisable into one Common Share at $0.15 until December 21, 2021.

14.3 – Other Listed Securities

The Company has no other listed securities reserved for issuance.

15. Executive Compensation

15.1 – Compensation of Executive Officers and Directors

The Company's Statement of Executive Compensation for the most recent financial year (2018) is attached in Schedule "B".

16. Indebtedness of Directors and Executive Officers

No director or officer of the Company or person who acted in such capacity in the last financial year, or any other individual who at any time during the most recently completed financial year of the Company was a director of the Company or any associate of the Company, is indebted to the Company, nor is any indebtedness of any such person to another entity the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company.

17. Risk Factors

17.1 – Description of Risk Factors

An investor should carefully consider the following risk factors in addition to the other information contained in this Listing Statement. The risks and uncertainties below are not the only ones related to the Company. There are additional risks and uncertainties that the Company does not presently know of or that the Company currently considers immaterial which may also impair the Company's business operations. If any of the following risks actually occur, the Company's business may be harmed and its financial condition and results of operations may suffer significantly. An investment in the Company's shares is speculative and will be subject to certain material risks. Investors should not invest in securities of the Company unless they can afford to lose their entire investment.

General

An investment in the shares is speculative and involves a high degree of risk due to the nature of the Company's business and the present stage of the Company's operations. The following risk factors, as well as risks not currently known to the Company, could materially adversely affect the Company's future business, operations and financial condition and could cause them to differ materially from the estimates described in forward-looking statements contained herein. Prospective investors should carefully consider the following risk factors along with the other matters set out herein.

An investment in the Company will be subject to certain material risks and investors should not invest in securities of the Company unless they can afford to lose their entire investment. A purchase of any of the securities of the Company involves a high degree of risk and should be undertaken only by purchasers whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the securities of the Company should not constitute a major portion of an individual's investment portfolio and should only be made by persons who can afford a total loss of their investment. Prospective purchasers should evaluate carefully the following risk factors associated with an investment in the Company's securities prior to purchasing any of the securities.

Dependence on key personnel

The unexpected loss or failure to retain Peekaboo's founder and/or key employees could adversely affect the business. The success of the Company depends on its continuing ability to identify, hire, attract, develop and retain highly qualified personnel. The unexpected loss or departure of any of the key officers, employees or consultants of the Company could be detrimental to the Company's future operations.

The Stylist

Stylists, and the contributions they will make, are important to the future operations and success of the Company. The success of the Company will be largely dependent upon the performance of the Company's Stylists and on the Company's ability to attract and retain qualified Stylists. Failure by the Company to retain or to attract and retain additional Stylists with necessary skills could have a materially adverse impact upon the Company's growth and profitability. The cost of recruiting and retaining Stylists is expected to increase. There can be no assurance that the Company will be able to retain the Company's current Stylists.

Our business is conducted through direct selling.

Sales will be made to customers through direct selling by Stylists, who are independent contractors and not the Company's employees. The Company's customers continued acceptance of the direct selling model will largely determine the success of the Company.

Regulation of direct selling in Canada

The Company's ability to grow could be exposed to risk if Canada's government authority challenged the Company's determination of Stylists as independent contractors of the Company.

Effects of economic conditions on consumer spending

The success of the Company's business depends to a significant extent upon the level of consumer spending. A number of factors may affect the level of consumer spending on merchandise that the Company will offer, including, but not limited to, the following:

- general economic conditions;
- the level of consumer or family debt;
- pricing of children apparel;
- Canadian interest rates;
- Canadian and provincial tax rates;
- the Company's refund policy for customers and Stylists; and
- war, terrorism and other hostilities.

Consumer confidence in future economic conditions

Adverse economic conditions and any related decrease in consumer demand for discretionary items could have a material adverse effect on the Company’s business, results of operations and financial condition. The apparel Peekaboo sells generally consists of discretionary items. Reduced consumer confidence and spending may result in reduced demand for discretionary items and may force the Company to take inventory markdowns, decreasing sales and making expense leverage difficult to achieve. Demand can also be influenced by other factors beyond the Company’s control.

Because children apparel and accessories generally are discretionary purchases, declines in consumer spending patterns may impact the Company more negatively as a specialty children apparel retailer. Therefore, the Company may not be able to grow revenues or increase profitability if there is a decline in consumer spending patterns or it decides to slow or alter the Company’s growth plans in anticipation of or in response to a decline in consumer spending.

Moreover, while Peekaboo believes that its operating cash flows will be adequate for Peekaboo's anticipated cash requirements, if the economy were to experience a renewed downturn, the Company could be required to modify the Company’s operations for decreased cash flow or to seek alternative sources of liquidity, and such alternative sources might not be available to the Company.

Domestic and International Competition

The Company faces competition in the domestic and international markets in which it operates. The Company’s ability to compete depends on, among other things, knowledgeable personnel, high product quality, competitive pricing and range of product offerings. Increased competition may require the Company to reduce prices or increase costs and may have a material adverse effect on its financial condition and results of operations.

The children's apparel and accessory markets are intensely competitive. Peekaboo currently competes against a diverse group of retailers, including other regional and national specialty stores, department and discount stores, small independents and e-commerce retailers and direct sellers, which sell products similar to and often identical to those sold by the Company. A number of different competitive factors could have a material adverse effect on the Company’s business, results of operations and financial condition, including, but not limited to, the following:

• lower cost pricing strategies;
• expansion by existing competitors;
• entry by new competitors into markets in which Peekaboo currently operates;
• adoption by existing competitors of the direct-sales marketing;
• increased operational efficiencies of competitors; and
• better designed or manufactured playwear.

Peekaboo competes on quality, design and customer service through the direct-sales model. Many of Peekaboo's competitors are, and many potential competitors may be, larger and have greater financial, marketing and other resources, devote greater resources to the marketing and sale of their products, generate greater international brand recognition or adopt more aggressive pricing policies than Peekaboo can. In addition, increased levels of promotional activity by Peekaboo's competitors, both online and in stores, may negatively impact the Company’s revenues and gross profit.

Increased cost of manufacturing

Increased costs for contract manufacturing to Peekaboo's high standards, including those resulting from potential increases in raw material, wages and other expense items may reduce the Company’s operating margin and slow its growth.

Reliance on Manufacturer

The unexpected loss or failure to retain Peekaboo's sole manufacturer of fabrics and products in Vietnam could adversely affect the business.

Increased cost of currency transactions

Peekaboo sells its apparel products in Canadian dollars and, to a lesser degree, in United States dollar, while its costs for manufacturing are priced in United States dollars. Increased costs to buy and sell currency may reduce the Company’s operating margins.

Dependence on information systems

Peekaboo depends on a variety of information technology systems for the efficient functioning of Peekaboo's business and security of information. Most information essential to the business is maintained electronically, including competitively sensitive information and potentially sensitive personal information about customers and employees. Peekaboo's insurance policies may not provide coverage for security breaches and similar incidents or may have coverage limits which may not be adequate to reimburse Peekaboo for losses caused by security breaches. The software programs supporting many of Peekaboo's systems were licensed to the Company by independent software developers. The inability of these developers or the Company to continue to maintain and upgrade these information systems and software programs could disrupt or reduce the efficiency of the Company’s operations. In addition, costs and potential problems and interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could also disrupt or reduce the efficiency of the Company’s operations or leave it vulnerable to security breaches.

Responses to changing fashion trends and consumer preferences

Peekaboo believes its success depends in substantial part on Peekaboo's ability to originate and define product and fashion trends, and anticipate, gauge and react to changing consumer demands in a timely manner.

Peekaboo attempts to reduce the risks of changing fashion trends and product acceptance in part by devoting a portion of Peekaboo's product line to classic styles that are not significantly modified from year to year. Nevertheless, if the Company misjudges the market for the Company’s products or overall level of consumer demand, the Company may be faced with significant excess inventories for some products and missed opportunities for others. Peekaboo's brand image may also suffer if the Company fails to address and respond to customer feedback or complaints. The occurrence of these events, among others, could hurt the Company’s financial results by decreasing sales. the Company may respond by increasing markdowns or initiating marketing promotions to reduce excess inventory, which would further decrease gross profits and net income.

Peekaboo believes that continued success depends on the Company’s ability to provide a compelling value proposition for the Company’s consumers in the Company’s distribution channels. There can be no assurance that the demand for the Company’s products will not decline, or that the Company will be able to successfully and timely evaluate and adapt the Company’s products to changes in consumer tastes and preferences or fashion trends. If demand for the Company’s products declines, promotional pricing may be required to move seasonal merchandise, and the Company’s gross margins and results of operations could be adversely affected.

Additional capital requirements

The Company may require additional funds to respond to business challenges, including the need to expand sales and marketing activities; develop new products or features; enhance the Company’s current operating infrastructure; and acquire complementary businesses. The Company’s cash flow may not be sufficient to fund its ongoing activities at all times. Accordingly, the Company may need to engage in equity or debt financings to secure additional funds. If the Company raises additional funds through further issuances of equity or convertible debt securities, shareholders of the Company could suffer significant dilution, and any new equity securities the Company issues could have rights, preferences and privileges superior to those of existing holders of the Company's Common Shares. Any debt financing secured by the Company in the future could involve restrictive covenants relating to capital raising activities and other financial and operational matters, which might make it more difficult for the Company to obtain additional capital and to pursue business opportunities. The Company can provide no assurance that sufficient debt or equity financing will be available for necessary or desirable expenditures or acquisitions or to cover losses, and accordingly, the Company's ability to continue to support its business growth and to respond to business challenges could be significantly limited.

Operating results and financial condition may fluctuate on a quarterly and annual basis

The Company's operating results and financial condition may fluctuate from quarter to quarter and year to year and are likely to continue to vary due to a number of factors, some of which are outside of the Company's control. These events could, in turn, cause the market price of the Company's Common Shares to fluctuate. If the Company's operating results do not meet the expectations of securities analysts or investors, who may derive their expectations by extrapolating data from recent historical operating results, the market price of the Company's Common Shares may decline. Due to all of the foregoing factors and the other risks within this Listing Statement, individuals should not rely on quarter-to-quarter or year-to year comparisons of Peekaboo's operating results as an indicator of the Company's future performance.

Customer base and market acceptance

Peekaboo designs and manufactures a high quality, environmentally responsible product compared to its competitors. The Company's customer base may not accept prices for such high-quality apparel.

Sales cycle

Peekaboo's business is affected by the general seasonal trends common to the retail industry. Our annual net revenue is weighted more heavily towards summer, reflecting Peekaboo's historical strength in sales during the new school season.

History of operating losses

Peekaboo has not earned a profit to date. Operating losses are expected until the Company reaches a higher sales level.

Share price volatility

The market price of the Company's Common Shares could be subject to wide fluctuations in response to the Company's results of operations, changes in earnings estimates by analysts, changing conditions in its industry or changes in general market, economic or political conditions. The Company may experience quarter-to-quarter fluctuations in revenue. If the Company's revenue fluctuates or does not meet the expectations of securities analysts and investors, the market price of the Company's Common Shares may decline.

Internal controls

Ensuring that the Company has adequate internal financial and accounting controls and procedures in place so that the Company can produce accurate financial statements on a timely basis is a costly and time-consuming effort. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. If the Company or its independent audit firm identify deficiencies in the Company's internal control over financial reporting that are deemed to be material weaknesses, the market's confidence in the Company's financial statements could decline and the market price of the Company's securities could be adversely impacted.

Stage of development

The Company may be subject to growth-related risks, capacity constraints and pressure on the Company's internal systems and controls, particularly given the early stage of the Company's development. The ability of the Company to manage growth effectively will require the Company to continue to expand its operations and to train and manage the Company's employee base. The inability of the Company to deal with this growth could have a material adverse impact on the Company's business, operations and prospects.

Legal risks

The Company is subject to legal risks related to operations, contracts, relationships and otherwise, pursuant to which Peekaboo may be served with legal claims. Whether or not the claims are legally valid, such claims may result in legal fees, damages, settlement costs and other costs as well as significant time and distraction of management and employees.

Conflicts of interest

Conflicts of interest for the directors and officers of the Company, if any, will be subject to and governed by the procedures prescribed by the BCBCA which require a director or officer of a corporation who is a party to, or is a director or an officer of, or has a material interest in any person who is a party to, a material contract or proposed material contract with the Company to disclose his or her interest and, in the case of directors, to refrain from voting on any matter in respect of such contract unless otherwise permitted under the BCBCA.

Absence of cash dividends

Peekaboo has not paid any cash dividends to date on its Common Shares and there are no plans for the Company to pay such dividend payments in the foreseeable future.

The value of Peekaboo's brands, and Peekaboo's sales, could be diminished if Peekaboo is associated with negative publicity, including through actions by Stylists, and Peekaboo's independent manufacturers, over whom Peekaboo has limited control

Although Peekaboo maintains policies with Stylists and manufacturers that promote ethical business practices, and Peekaboo's employees and auditors periodically visit and monitor the operations of these entities, Peekaboo does not control its Stylists or manufacturers. A violation of Peekaboo's policies, licenses, health and safety standards, labor laws, or other policies or laws by these Stylists or independent manufacturers, could damage the image and reputation of Peekaboo's brands and could subject Peekaboo to liability. As a result, negative publicity regarding Peekaboo or its brands or products, could adversely affect Peekaboo's reputation and sales. Further, while Peekaboo takes steps to ensure the reputation of its brands is maintained, there can be no guarantee that Peekaboo's brand image will not be negatively impacted through its association with products or actions of Stylists or manufacturers.

Peekaboo's failure to protect Peekaboo's intellectual property rights could diminish the value of Peekaboo's brand, weaken its competitive position, and adversely affect its results

Peekaboo currently has not relied on trademark and copyright laws to establish and protect Peekaboo's intellectual property rights. The steps taken by Peekaboo to protect its proprietary rights may not be adequate to prevent either the counterfeit production of Peekaboo's products or the infringement of Peekaboo's trademarks or proprietary rights by others. In addition, intellectual property protection may be unavailable or limited in some foreign countries where laws or law enforcement practices may not protect Peekaboo's proprietary rights and where third parties may have rights to conflicting marks, and it may be more difficult for Peekaboo to successfully challenge the use of Peekaboo's proprietary rights by other parties in those countries. If Peekaboo fails to protect and maintain its intellectual property rights, the value of Peekaboo's brands could be diminished and Peekaboo's competitive position may suffer. Further, third parties may assert intellectual property claims against Peekaboo, particularly as Peekaboo expands its business geographically, and any such claim could be expensive and time consuming to defend, regardless of its merit. Successful infringement claims against Peekaboo could result in significant monetary liability or prevent Peekaboo from selling some of its products, which could have an adverse effect on Peekaboo's results of operations.

Profitability and Peekaboo's reputation and relationships could be negatively impacted if Peekaboo does not adequately forecast the demand for Peekaboo's products and, as a result, creates significant levels of excess inventory or insufficient levels of inventory

There can be no assurance that Peekaboo will be able to successfully anticipate changing consumer preferences and product trends or economic conditions and, as a result, Peekaboo may not successfully manage inventory levels to meet Peekaboo's future order requirements. If Peekaboo fails to accurately forecast consumer demand, Peekaboo may experience excess inventory levels or a shortage of product required to meet the demand. Inventory levels in excess of consumer demand may result in inventory write-downs and the sale of excess inventory at discounted prices, which could have an adverse effect on the image and reputation of Peekaboo's brands and negatively impact profitability. On the other hand, if Peekaboo underestimates demand for its products, Peekaboo's manufacturing facilities or third-party manufacturers may not be able to produce products to meet consumer requirements, and this could result in delays in the shipment of products and lost revenues, as well as damage to Peekaboo's reputation and relationships. These risks could have a material adverse effect on Peekaboo's brand image as well as Peekaboo's results of operations and financial condition.

Peekaboo's results of operations, financial position, and cash flows, and Peekaboo's ability to conduct business in international markets may be affected by legal, regulatory, political and economic risks

Peekaboo works with one contract manufacturer located in Vietnam. Peekaboo's ability to conduct business in Vietnam is subject to legal, regulatory, political and economic risks. These include the burdens of complying with foreign laws and regulations, including trade and labor restrictions; unexpected changes in regulatory requirements; and new tariffs or other barriers in some international markets. Peekaboo is also subject to general political and economic risks in connection with its international operations, including political instability and terrorist attacks; differences in business culture; different laws governing relationships with employees and business partners; changes in diplomatic and trade relationships; and general economic fluctuations in specific countries or markets. Peekaboo cannot predict whether quotas, duties, taxes, or other similar restrictions will be imposed by foreign countries upon the import or export of its products in the future, or what effect any of these actions would have, if any, on Peekaboo's business, financial condition, or operations. Peekaboo cannot predict whether trade and labour restrictions, new laws, or similar restrictions will be imposed by foreign countries upon the manufacturing of its clothing, or what effect any of these actions would have, if any, on Peekaboo's business, financial condition, or operations. Changes in regulatory, geopolitical, social or economic policies, and other factors may have a material adverse effect on Peekaboo's business in the future or may require Peekaboo to exit a particular market or significantly modify Peekaboo's current business practices.

Additional Risks

Please refer to the Company's Annual MD&A included in Schedule "A" and incorporated by reference into this Listing Statement for additional risk factors.

17.2 – Additional Securityholder Risk

There is no risk that securityholders of the Company may become liable to make an additional contribution beyond the price of the security.

17.3 – Other Risks

Subject to the risk factors set out under section 17.1 above, there are no other material risk factors that a reasonable investor would consider relevant to an investment in the Company's shares.

18. Promoters

18.1 – 18.3 – Promoter Consideration

Kin Communications Inc. ("**Kin**") conducts investor relations activities on behalf of the Company. Kin has a Vancouver office address of 100 – 736 Granville Street, Vancouver, B.C., V6Z 1G3. Kin was engaged as the Company's investor relations consultant on February 26, 2018.

Upon engagement, Kin was paid $120,000 for a 12-month term which commenced in February, 2018. If the Company elects to continue with Kin, on a month to month basis, commencing February, 2019, Kin will be paid a fee of $10,000 per month. Kin was granted stock options to acquire up to 200,000 Common Shares of the Company at a price of $0.80 per Common Share. The stock options vest quarterly in four tranches of 50,000 and are exercisable for a two year term expiring on February 26, 2020, subject to earlier expiry on termination of the agreement in accordance with the Company's stock option plan and the policies of the exchange on which the Company's shares are listed. Kin currently holds 293,000 Common Shares in the capital of the Company and 147,000 common share purchase warrants.

No director, officer or shareholder of Kin, as at the date hereof, or was within 10 years before the date hereof, a director, chief executive officer, or chief financial officer of any person or company that:

(a) was subject to an order that was issued while any director, officer or shareholder of Kin was acting in the capacity as director, chief executive officer or chief financial officer; or

(b) was subject to an order that was issued after any director, officer or shareholder of Kin ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while any director, officer or shareholder of Kin was acting in the capacity as director, chief executive officer or chief financial officer,

For the purposes of this section "order" means:

(a) a cease trade order;

(b) an order similar to a cease trade order; or

(c) an order that denied the relevant person or company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days.

No director, officer or shareholder of Kin:

(a) is, as at the date hereof, or has been within the 10 years before the date hereof, a director or executive officer of any person or company that, while the director, officer or shareholder of Kin was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

(b) has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the promoter.

No director, officer or shareholder of Kin has been subject to:

(a) any penalties or sanctions imposed by a court relating to provincial and territorial securities legislation or by a provincial and territorial securities regulatory authority or has entered into a settlement agreement with a provincial and territorial securities regulatory authority; or

(b) any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor in making an investment decision.

19. Legal Proceedings

19.1 - Legal Proceedings

There are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

19.2 – Regulatory Actions

The Company has not been subject to any penalties or sanctions imposed by any court or regulatory authority relating to provincial or territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Listing Statement, nor has the Company entered into a settlement agreement with a securities regulatory authority within the three years immediately preceding the date of this Listing Statement or been subject to any other penalties or sanctions imposed by a court or regulatory body or self-regulatory authority that are necessary to provide full, true and plain disclosure of all material facts relating to the Company's securities or would be likely to be considered important to a reasonable investor making an investment decision.

20. Interest of Management and Others in Material Transactions

Except as described herein, no director, executive officer, proposed management nominee for director or person who, to the knowledge of the directors or officers of the Company, beneficially owns, directly or indirectly, or exercises control or direction over more than 10% of any class or series of outstanding voting securities of the Company, informed person or any associate or affiliate of the foregoing has any material interest, direct or indirect, in any transaction within the three years before the date of this Listing Statement or in any proposed transaction, which, in either case, has materially affected or will materially affect the Company or a subsidiary of the Company.

21. Auditors, Transfer Agents and Registrars

21.1 – Auditors

The firm of Dale Matheson Carr-Hilton Labonte LLP, Chartered Accountants ("**DMCL**") is the independent registered certified auditor of the Company with a Vancouver office address of 1500 – 1140 West Pender Street, Vancouver, B.C., V6E 4G1. DMCHL was first appointed as auditor of the Company on February 5, 2009.

21.2 – Transfer Agent and Registrar

The registrar and transfer agent of the Company's shares is Computershare Trust Company of Canada, at its Vancouver office located at suite 510 Burrard Street – 2nd Floor, Vancouver B.C., V6C 3B9.

22. Material Contracts

22.1 – Material Contracts

The Company has entered into the following material contracts:

1. a consulting and sourcing contract with Exit 21 Apparel Solutions LLC, the product sourcing agent, which it currently renegotiates approximately every six months. The Company relies on the sourcing agent for more than 90% of its production. The Company recognizes that failure to negotiate a sourcing contract with satisfactory terms for both parties will result in potential disruption of the Company's inventory production; and

2. a management contract with Ms. Traci Costa in relation to her CEO position at the Company. The Company recognizes that retaining Ms. Costa's service is critical to the Company's future growth. Please see Section 13.11 – Directors and Officers for a summary of Ms. Costa's management contract.

Other than as outlined above, the Company has not entered into any material contracts within the two years before the date of this Listing Statement other than contracts entered into in the ordinary course of business.

22.2 – Special Agreements

The Company is not a party to any co-tenancy, unitholders' or limited partnership agreements.

23. Interest of Experts

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Listing Statement or as having prepared or certified a report or valuation described or included in this Listing Statement holds any beneficial interest, direct or indirect, in any securities or property of the Company or of an Associate (as defined in the policies of the CSE) or Affiliate (as defined in the policies of the CSE) of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. DMCL LLP is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

24. Other Material Facts

Other than as set out elsewhere in this Listing Statement, there are no other material facts about the Company and its securities which are necessary in order for this Listing Statement to contain full, true and plain disclosure of all material facts relating to the Company and its securities.

25. Financial Statements

Schedule "A" contains the audited consolidated financial statements of the Company for the year ended September 30, 2018 and the MD&A of the Company for the year ended September 30, 2018.

CERTIFICATE OF THE COMPANY

Pursuant to a resolution duly passed by its Board of Directors, Peekaboo Beans Inc. hereby applies for the listing of the abovementioned securities on the CSE. The foregoing contains full, true and plain disclosure of all material information relating to Peekaboo Beans Inc. It contains no untrue statement of a material fact and does not omit to state a material fact that is required to be stated or that is necessary to prevent a statement that is made from being false or misleading in light of the circumstances in which it was made.

Dated at Vancouver, British Columbia

this 28th day of January, 2019

/s/ "Traci Costa"

Traci Costa, President and Chief Executive Officer

/s/ "Dave Fong"

Dave Fong, Interim Chief Financial Officer

/s/ "Darrell Kopke"

Darrell Kopke, Director

/s/ "Sarah Bundy"

Sarah Bundy, Director

/s/ "Arlen Hansen"

Arlen Hansen, Kin Communications Inc.

SCHEDULE "A"

FINANCIAL STATEMENTS AND MD&A'S OF THE COMPANY

The audited consolidated financial statements of the Company for the year ended September 30, 2018,
&
The MD&A of the Company for the year ended September 30, 2018.

[See Attached]

PEEKABOO BEANS INC.

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2018 AND 2017

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Peekaboo Beans Inc.

We have audited the accompanying consolidated financial statements of Peekaboo Beans Inc., which comprise the consolidated statements of financial position as at September 30, 2018 and 2017, and the consolidated statements of comprehensive loss, changes in equity (deficiency) and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Peekaboo Beans Inc. as at September 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 in the consolidated financial statements which describe matters and conditions that indicate the existence of a material uncertainty that may cast significant doubt about Peekaboo Beans Inc.'s ability to continue as a going concern.

DMCL

DALE MATHESON CARR-HILTON LABONTE LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
January 28, 2019

PEEKABOO BEANS INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

	Note	September 30, 2018	September 30, 2017
ASSETS			
Current assets			
Cash		$ 229,089	$ 183,880
Trade receivables		16,031	8,879
Apparel production deposits	5	35,529	63,512
Prepaid expense		98,034	209,541
Inventories	6	1,815,779	1,134,727
Total current assets		2,194,462	1,600,539
Non-current assets			
Software and equipment	13	2,568	4,374
Total assets		$ 2,197,030	$ 1,604,913
LIABILITIES AND EQUITY (DEFICIENCY)			
Current liabilities			
Trade payables and accrued liabilities	14	$ 735,547	$ 671,213
Commissions payable	7	75,571	106,892
Current portion of bank debt	16	-	20,100
Loans	16	563,597	695,949
Total current liabilities		1,374,715	1,494,154
Non-current liabilities			
Loans	16	245,202	246,821
Total liabilities		1,619,917	1,740,975
Shareholders' equity (deficiency)			
Share capital	15	13,065,242	9,345,299
Reserves	15	2,629,257	2,239,816
Deficit		(15,107,191)	(11,721,177)
Accumulated other comprehensive loss		(10,195)	-
Total shareholders' equity (deficiency)		577,113	(136,062)
Total liabilities and equity (deficiency)		$ 2,197,030	$ 1,604,913

Note 1 - Nature of Operations and Going Concern
Note 19 - Commitments
Note 24 - Events Subsequent to the Reporting Date

On behalf of the Board of Directors of Peekaboo Beans Inc. on January 28, 2019

/s/ Traci Costa | /s/ Darrell Kopke

Ms. Traci Costa, CEO and Director | Mr. Darrell Kopke, Director

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

PEEKABOO BEANS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

	Note	Year Ended September 30, 2018	2017
Sales	22	$ 2,753,106	$ 3,358,307
Cost of goods sold	6	2,008,971	2,179,163
Commissions		448,377	749,375
Gross profit		295,758	429,769
Operating expenses			
Stylists training, recruitment and marketing	8	417,017	241,763
Administrative	9	628,910	443,003
Distribution and information technology	10	328,910	267,090
Executive and employee salary compensation	11	1,112,012	860,928
Share-based compensation	15	171,151	313,518
Professional fees and public company costs	12	387,345	386,031
Investor relations		461,192	411,473
Total operating expenses		3,506,537	2,923,806
Loss before other expenses		(3,210,779)	(2,494,037)
Other expenses			
Loss on debt settlement	15	-	197,740
Interest and finance costs		195,897	286,794
Foreign exchange (gain) loss		(20,662)	21,833
Net loss for the year		(3,386,014)	(3,000,404)
Other comprehensive loss			
Currency translation adjustment on foreign operations		(10,195)	-
Comprehensive loss for the year		$ (3,396,209)	$ (3,000,404)
Basic and diluted loss per common share		$ (0.21)	$ (0.35)
Weighted average number of common shares outstanding		15,903,857	8,520,038

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

PEEKABOO BEANS INC.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (DEFICIENCY)
(Expressed in Canadian dollars)

	Note	Number of shares	Share capital	Reserves	Deficit	Accumulated Other Comprehensive Loss	Total
Balance at September 30, 2016		6,783,423	$ 6,578,386	$ 1,379,968	$ (8,720,773)	$ -	$ (762,419)
Issuance of units for cash	15	3,588,001	2,124,646	72,255	-	-	2,196,900
Issuance of units for debt	15	878,111	544,429	180,179	-	-	724,608
Issuance of units on conversion of debt	15	645,000	449,100	228,150			677,250
Finders warrants	15	-	(65,746)	65,746	-	-	-
Share issuance costs	15	-	(285,515)	-	-	-	(285,515)
Share-based compensation	15	-	-	313,518	-	-	313,518
Net loss		-	-	-	(3,000,404)	-	(3,000,404)
Balance at September 30, 2017		11,894,535	9,345,299	2,239,816	(11,721,177)	-	(136,062)
Issuance of units for cash	15	8,681,833	3,833,533	89,500	-	-	3,923,033
Finders warrants	15	-	(138,601)	138,601	-	-	-
Share issuance costs on corporate finance shares	15	254,832	-	-	-	-	-
Exercise of agents' warrants	15	25,333	15,200	-	-	-	15,200
Reallocation of warrant exercise value	15	-	9,811	(9,811)	-	-	-
Share-based compensation	15	-	-	171,151	-	-	171,151
Net loss		-	-	-	(3,386,014)	-	(3,386,014)
Currency translation adjustment		-	-	-	-	(10,195)	(10,195)
Balance at September 30, 2018		**20,856,533**	**$ 13,065,242**	**$ 2,629,257**	**$ (15,107,191)**	**$ (10,195)**	**$ 577,113**

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

PEEKABOO BEANS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year Ended September 30, 2018	2017
OPERATING ACTIVITIES		
Loss for the year	$ (3,386,014)	$ (3,000,404)
Adjustments for:		
Share-based payments	171,151	313,518
Loss on settlement of debt	-	197,740
Accrued interest expense on loan	92,265	24,316
Amortization	1,807	4,440
Changes in non-cash working capital items:		
Trade receivables	(7,153)	(4,493)
Inventories	(681,052)	(110,372)
Apparel production deposits	27,983	258,158
Prepaid expenses	111,507	(115,367)
Trade payables and accrued liabilities	33,013	(40,796)
Cash used in operating activities	(3,636,493)	(2,473,260)
INVESTING ACTIVITIES		
Purchase of equipment	-	(527)
Cash used in investing activities	-	(527)
FINANCING ACTIVITIES		
Loan repayments	(346,336)	(21,770)
Loan advances	100,000	607,219
Share issuances, net of issuance costs	3,938,233	1,911,385
Cash provided by financing activities	3,691,897	2,496,834
Effect of foreign exchange on cash	(10,195)	-
Change in cash during the year	45,209	23,045
Cash, beginning of year	183,880	160,835
Cash, end of year	**$ 229,089**	**$ 183,880**

Supplemental cash flow information:

	2018	2017
Interest paid	$ 57,460	$ 114,552
Income taxes paid	$ -	$ -
Other non-cash transactions:		
Shares issued for settlement of debt	$ -	$ 544,429
Shares issued for settlement of notes payable	$ -	$ 677,250
Shares issued for financing	$ 175,274	$ -

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Peekaboo Beans Inc. designs children playwear apparel which is sold through a direct-sales network of independent sales representatives, referred to as “stylists”. Stylists encourage parents to host sales parties or “Pop-ups” in their homes to demonstrate and sell the playwear apparel.

Peekaboo Beans Inc. (formerly North Group Finance Limited) is incorporated in the Province of British Columbia, Canada, and has its head office located at 170 – 11120 Bridgeport Road, Richmond, BC, V6X 1T2. The Company was originally incorporated under the Business Corporations Act of the Province of Alberta and was continued under the Canada Business Corporations Act on July 8, 2002. On December 21, 2005, the Company was continued to the jurisdiction of the Province of British Columbia. Peekaboo Beans Inc. and its wholly-owned subsidiaries are referred to as the “Company” or “Peekaboo Beans”.

To date, the Company has incurred losses and further losses are anticipated as the Company further develops its business. The continuing operations of the Company are dependent upon its ability to generate profitable operations in the future, and to continue to secure additional financing. There can be no assurance that the Company will be successful in its efforts to raise additional financing or if financing is available or that it will be on terms that are acceptable to the Company. These events and conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern.

The Company’s common shares are listed for trading on the Canadian Securities Exchange ("CSE") in Canada under the trading symbol, “BEAN”.

2. BASIS OF PRESENTATION

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company’s board of directors approved the release of these financial statements on January 28, 2019.

These financial statements have been prepared on a historical cost basis, except for certain financial instruments, which are measured at fair value, as explained in the significant accounting policies set out in Note 3. The financial statements are presented in Canadian dollars and all financial amounts, other than per-share amounts, are rounded to the nearest dollar. The functional currency of the Company is the Canadian dollar.

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all years presented in these financial statements unless otherwise indicated.

(a) Basis of Consolidation

The following entities have been consolidated within these financial statements:

Entity	Registered	Holding
Peekaboo Beans Inc.	British Columbia, Canada	Parent, public holding
Peekaboo Beans (Canada) Inc.	British Columbia, Canada	100% owned
Peekaboo Beans, Inc.	Delaware, United States	100% owned

The subsidiaries are controlled by the Company. Control exists when the Company is exposed, or has rights, to the variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign Currency Transactions

The functional currency is measured using the currency of the primary economic environment in which that entity operates. The financial statements are presented in Canadian dollars which is the functional currency of the Company and its Canadian subsidiary. The functional currency of the Company's United States subsidiary is the United States dollar.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the period-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items or on settlement of monetary items are recognized in gain or loss in the statement of comprehensive loss in the period in which they arise, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognized in other comprehensive income in the statement of comprehensive loss to the extent that gains and losses arising on those non-monetary items are also recognized in other comprehensive income. Where the non-monetary gain or loss is recognized in profit or loss, the exchange component is also recognized in profit or loss.

The financial results and position of foreign operations whose functional currency is different from presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date; and
- Income and expenses are translated at monthly average exchange rates during the year.

Exchange differences arising on translation of foreign operations are transferred directly to currency translation on foreign operations on the statement of comprehensive loss and are reported as a separate component of equity in accumulated other comprehensive loss. These differences are recognized in profit or loss in the year in which the operation is disposed of.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and subject to an insignificant risk of change in value. For cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash. The Company had no cash equivalents as at September 30, 2018 and 2017.

(d) Inventory

Finished goods are valued at the lower of average cost, which is net of vendor rebates, and net realizable value. Net realizable value is the estimated selling price of inventory in the ordinary course of business, less any estimated selling costs. Cost of inventory includes expenditures in acquiring the inventories, production costs and other cost incurred in bringing them to their existing location. Allowance is made for obsolete, slow-moving or defective items, where appropriate.

(e) Sales revenue recognition and other income

Revenue represents sales of children playwear apparel and catalogues. Sales of children playwear apparel and catalogues, net of returns, is recognized when the significant risks and rewards of ownership of the goods have passed to the customer, usually on delivery of the goods.

(f) Cost of sales

Cost of sales includes cost of goods or the manufacturing costs of children playwear apparel and other costs incurred in bringing them to their existing location and stylists' sales commission.

(g) Software and equipment

Software and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Equipment is stated at historical cost less accumulated amortization and accumulated impairment losses. Amortization is calculated on a declining balance method to write off the cost of the assets to their residual values over their estimated useful lives. The amortization rates applicable to each category of equipment are as follows:

Class	**Amortization rate**
Computer software and development	50%
Computer hardware	30%

(h) Stock-based compensation

Share options granted by the Company allow Executive Officers, Managers and Employees to acquire shares of the Company. Share-based payments to Employees are measured at the fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to the option reserve. The fair value of options is determined using the Black–Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Financial instruments

Financial assets and liabilities are classified into one of five categories: fair value through profit and loss ("FVTPL"), held-to-maturity, loans and receivables, available-for-sale ("AFS") financial assets or financial liabilities at amortized cost. All financial instruments, including derivatives, are measured at the statement of financial position date at fair value except for loans and receivables, held-to-maturity investments and financial liabilities, which are measured at amortized cost. The Company has made the following classifications:

- Cash and trade receivables are classified as "Loans and Receivables". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.
- Trade payables, commissions payable, loans and bank debt are classified as "Other Financial Liabilities". After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method.

At each reporting date, the Company assesses whether there is objective evidence that a financial asset has been impaired. In the case of available-for-sale financial instruments, a significant and prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen.

The Company does not have any derivative financial assets and liabilities.

(j) Loss per share

Basic loss per share is calculated using the weighted average number of shares outstanding during the period. The diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to include additional shares issued from the assumed exercise of stock options and warrants, if dilutive. The number of additional shares is calculated by assuming that the proceeds from such exercises are used to purchase common shares at the average market price for the period.

(k) Taxation

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it arises in a business combination, or from items recognized directly in equity or other comprehensive loss/income.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date, in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognized directly in other comprehensive income or equity is recognized in other comprehensive income or equity and not in profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the asset and liability method of temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and recognized only to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Taxation (continued)

Deferred income tax assets and deferred income tax liabilities are offset, only if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

(l) New Standards, Interpretations and Amendments Issued But Not Yet Effective

Certain pronouncements, issued by the IASB or the IFRIC, were adopted during the year, or are mandatory for the Company's fiscal years beginning on or after October 1, 2018 or are required to be adopted in future periods. The following pronouncements are relevant to the financial statements, although none of these are expected to have a material effect on financial statement presentation:

(i) IFRS 9, "Financial Instruments: Recognition and Measurement" replaces the requirements of IAS39, "Financial Instruments: Recognition and Measurement". This final version of IFRS 9 brings together the classification and measurements as well as impairment and hedge accounting phases of the project to replace IAS 39. In addition to the new requirements for classification and measurement of financial assets, a new general hedge accounting model and other amendments issued in previous versions of IFRS 9, the standard also introduces new impairment requirements that are based on a forward-looking expected credit loss model. These changes are applicable for annual periods beginning on or after January 1, 2018. The Company does not expect this standard to have a material impact on its financial statements.

(ii) IFRS 15 "Revenue from Contracts with Customers" was issued May 2015 and specified how and when an entity will recognize revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard provides a single, principles based five-step model to be applied to all contracts with customers. The Company has determined that the adoption of IFRS 15 will not have a material impact on its financial statements.

(iii) IFRS 16 "Leases" replaces IAS 17 "Leases" and the related interpretative guidance. IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the asset being leased. For those assets determined to meet the definition of a lease, IFRS 16 introduces significant changes to the accounting by lessees, introducing a single, on-balance sheet accounting model that is similar to current finance lease accounting, with limited exceptions for short-term leases or leases of low value assets. Lessor accounting is not substantially changed. The standard is effective for annual periods beginning on or after January 1, 2019. The Company is currently assessing the impact of this standard on its financial statements.

There are no other pending IFRSs or IFRIC interpretations that are expected to be relevant to the Company's financial statements.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing these financial statements, the Company makes estimates and assumptions concerning the future that affect the amounts recorded. Actual results could differ from these estimates. Estimates and assumptions are based on historical experience, expectations of future events and other factors considered by management to be reasonable. The estimates and assumptions that could result in a material impact to the carrying amounts of assets and liabilities are outlined below:

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

Use of Estimates

(a) Inventory Valuation

The Company records a write-down to reflect management's best estimate of the net realizable value of inventory which includes assumptions and estimates for future sell-through of units, selling prices as well as disposal costs, where appropriate, based on historical experience. Management continually reviews the carrying value of its inventory, to assess whether the write-down is adequate, based on current economic conditions and an assessment of sales trends.

(b) Stock-based Compensation

The Company measures the cost of equity-settled transactions with employees and consultants by reference to the fair value of equity instruments at the date on which they are granted. Estimating fair value for share-based payments requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the assumptions with respect to the expected life of the option, volatility and dividend yield.

(c) Use of Judgments

The preparation of financial statements in accordance with IFRS requires the Company to make judgements, apart from those involving estimates, in applying accounting policies. The most significant judgements applying to the Company's financial statements include the assessment of the Company's going concern and expected life of equipment.

5. APPAREL PRODUCTION DEPOSITS

		2018		2017
Apparel Production Deposits	$	35,529	$	63,512

The Company is required to make deposits to its manufacturers to secure production. The deposits made will be credited against final purchase invoice after the inventory is shipped to the Company's warehouse.

The Company's contract manufacturers are located in Vietnam and conduct business transactions in United States dollars (USD).

6. INVENTORIES

Inventory consist of children's playwear apparel which is purchased from third party manufacturers. As at September 30, 2018, the Company holds finished goods of $1,815,779 (2017 - $1,134,727).

Inventory expensed in net loss and included in cost of sales for the year ended September 30, 2018 was $2,008,971 (2017 - $2,179,163). The Company recorded obsolete inventory write-downs as the management determined the net realizable value of inventories from 2016 and 2017 collections and prior are lower than cost. The inventory obsolescence amount recognized in the statement of comprehensive loss during the year ending September 30, 2018 was $206,000 (2017 – $102,821) and was recorded in cost of goods sold.

7. COMMISSIONS PAYABLE

The Company accrues sales commissions that are payable to its stylists when they elect not to have their sales commissions paid by cash immediately and choose to apply outstanding commissions owed against future apparel purchases. As at September 30, 2018 commissions earned but unpaid totalled $75,571 (2017 - $106,892), recorded as commissions payable.

(Expressed in Canadian dollars)

8. STYLISTS TRAINING, RECRUITMENT, AND MARKETING

Various costs are incurred in the training and recruitment of stylists and are included in the earnings for the period incurred. Pop-up hostesses receive product credit and discounts for hosting sales parties. From time to time, direct-sales industry management consultants are engaged and payments are included in the period incurred.

	2018	2017
Training	$ 88,472	$ 134,004
Recruitment	8,455	5,994
Marketing	320,090	101,765
	$ 417,017	**$ 241,763**

9. ADMINISTRATIVE

	2018	2017
Credit card processing and miscellaneous	$ 68,532	$ 92,122
Consulting	375,253	238,155
Insurance	13,715	54,333
Office and general	78,227	4,701
Travel, meals and entertainment	93,183	53,692
	$ 628,910	**$ 443,003**

10. DISTRIBUTION AND INFORMATION TECHNOLOGY

	2018	2017
Rent and utilities	$ 87,548	$ 87,009
Information technology	241,362	180,081
	$ 328,910	**$ 267,090**

11. EXECUTIVE AND EMPLOYEE COMPENSATION

	2018	2017
Executive officer salaries	$ 227,521	$ 167,467
Employee salaries	884,491	693,461
	$ 1,112,012	**$ 860,928**

12. PROFESSIONAL FEES AND PUBLIC COMPANY COSTS

	2018	2017
Professional fees	$ 312,055	$ 143,469
Public company costs	75,290	242,562
	$ 387,345	**$ 386,031**

(Expressed in Canadian dollars)

13. SOFTWARE AND EQUIPMENT

	Computer Hardware	Computer Software and Development	Total
Cost			
Balance, September 30, 2016	$ 4,520	$ 42,616	$ 47,136
Acquisitions	527	-	527
Balance, September 30, 2017	5,047	42,616	47,663
Acquisitions	-	-	-
Balance, September 30, 2018	**$ 5,047**	**$ 42,616**	**$ 47,663**
Accumulated Amortization			
Balance, September 30, 2016	$ 2,288	$ 36,557	$ 38,845
Amortization	858	3,585	4,440
Balance, September 30, 2017	3,146	40,142	43,288
Amortization	570	1,237	1,807
Balance, September 30, 2018	**$ 3,716**	**$ 41,379**	**$ 45,095**
Net Book Value			
As at September 30, 2017	**$ 1,901**	**$ 2,474**	**$ 4,374**
As at September 30, 2018	**$ 1,331**	**$ 1,237**	**$ 2,568**

14. TRADE AND OTHER PAYABLES

	2018	2017
Trade payables	$ 430,251	$ 461,702
Accruals	206,093	58,060
Customer deposits	-	49,378
Other non-trade payables	99,203	102,073
	$ 735,547	**$ 671,213**

15. SHARE CAPITAL

The Company has authorized an unlimited number of common shares and preferred shares without par value. All common shares issued have equal rights to dividends and shareholders are entitled to one vote per share at annual and general meetings of the Company.

As at September 30, 2018, the Company had 20,856,533 common shares issued and outstanding, of which 301,717 were held in escrow. Details of the issuance of share capital are as follows:

(a) Issued and Outstanding

During the year ended September 30, 2018, the Company:

i) Issued 2,488,500 common shares pursuant to private placement at a price of $0.60 per share for aggregate gross proceeds of $1,493,100. A commission of $101,400 was paid and an aggregate of 169,066 Agents warrants were issued. Each warrant is exercisable for one common share at a price of $0.60 per common share for a period of 24 months, valued at $68,643. A corporate finance fee was settled with the issuance of 105,666 common shares, valued at $63,400 and recorded as share issuance cost.

ii) Issued 2,983,333 units for aggregate proceeds of $2,237,500 at a price of $0.75 per unit pursuant to a brokered private placement. Each unit consisted of one share and one half of one share purchase warrant to purchase another share at $1.00 for a period of two years. The share purchase warrants were valued at $89,500 using the residual method. The Company paid share issuance costs of $267,136 and issued 238,666 share purchase warrants exercisable for two years at $0.75 for agent's commission. The finders' warrants were valued at $64,055. The Company also issued the agents 149,166 units with a fair value of $111,875 as a corporate finance fee in connection with the private placement.

15. SHARE CAPITAL (continued)

(a) Issued and Outstanding (continued)

iii) Issued 3,210,000 units for aggregate proceeds of $642,000 at a price of $0.20 per unit pursuant to a non-brokered private placement. Each unit consisted of one share and one half of one share purchase warrant to purchase another share at $0.30 until September 26, 2020. The share purchase warrants had no value under the residual method since the fair value of common shares was equal to the private placement unit price on the date of issuance. The Company paid share issuance costs of $80,991 and issued 81,200 share purchase warrants exercisable for two years at $0.30 for agent's commission. The finders' warrants were valued at $5,903.

During the year ended September 30, 2017, the Company:

i) Issued 98,000 units for aggregate proceeds of $102,900 at a price of $1.05 per unit. Each unit consisted of one share and one share purchase warrant to purchase another share at $1.25 for a period of one year. The share purchase warrants were valued at $24,500 using the residual method. The Company paid share issuance costs of $7,203 and issued 9,800 share purchase warrants exercisable at $1.25 for agent's commission. The finder warrants were valued at $5,030.

ii) Issued 645,000 units for the conversion of $677,250 in loans. Each unit consisted of one share and one share purchase warrant to purchase another share at $1.25 for a period of two years. The share purchase warrants were valued at $228,150 using the residual method.

iii) Issued 2,633,001 units at a price of $0.60 per unit for aggregate proceeds of $1,579,801. Each unit consisted of one share and one half share purchase warrant exercisable at $0.80 per warrant for a period of two years. The share purchase warrants were valued at $26,330 using the residual method. The Company paid share issuance costs of $169,606 and issued 111,930 finders' warrants exercisable at $0.80 per finder warrant. The finder warrants were valued at $43,348.

iv) Issued 857,000 units at a price of $0.60 per unit for aggregate proceeds of $514,200. Each unit consisted of one share and one half share purchase warrant exercisable at $0.80 per warrant for a period of two years. The share purchase warrants were valued at $21,425 using the residual method. The Company paid share issuance costs of $108,706 and issued 47,887 finders' warrants. The finder warrants were valued at $17,369.

v) Issued 878,111 units for the conversion of $526,867 in debt. Each unit consisted of one share and one half share purchase warrant to purchase another share at $0.80 for a period of two years. The Company recorded the shares at their fair value of $544,429. The 439,055 warrants were determined to have a value of $180,179 using the Black-Scholes Option Pricing Model with the following assumptions: volatility - 146%; risk-free interest rate - 1.08%; expected life - 2 years; dividend yield - 0%. As a result, the Company realized a loss of $197,740.

(b) Stock Options

During the year ended September 30, 2016, the Company adopted a stock option plan. The stock option plan will be a 10% rolling plan, whereby the total number of common shares that may be reserved for issuance will be 10% of the issued and outstanding shares of the Company at the time of grant, less any shares reserved for issuance pursuant to the grant of stock options under any other share compensation arrangements.

During the year ended September 30, 2018, 850,000 stock options were issued to consultants and management, exercisable into one common share of the Company at exercise prices of $0.24 to $0.80 and expiry dates ranging from 5 to 10 years after issuance.

During the year ended September 30, 2017, 875,000 stock options were issued to management, staff and consultants. The options are exercisable into one common share of the Company at an exercise price of $0.60 until May 12, 2019.

(Expressed in Canadian dollars)

15. SHARE CAPITAL (continued)

(b) Stock Options (continued)

A summary of options activity to September 30, 2018 is as follows:

	Options Outstanding	Weighted Average Exercise Price
September 30, 2016	**-**	**$ -**
Issued	875,000	0.60
September 30, 2017	**875,000**	**0.60**
Issued	870,000	0.70
Forfeited/cancelled	(75,000)	0.60
September 30, 2018	**1,670,000**	**$ 0.65**
Exercisable and vested	**1,195,000**	**$ 0.60**

Share-based compensation for the year ended September 30, 2018 was $171,151 (2017 - $313,518).

	2018	2017
Executive officer and director stock-based compensation	$ 61,052	$ 251,385
Employee stock-based compensation	31,586	37,279
Consultant stock-based compensation	78,513	24,854
	$ 171,151	**$ 313,518**

The grant date fair value of the options granted was $230,370 (2017 - $352,393) which was valued using the Black-Scholes Option Pricing Model with the following assumptions:

	2018	2017
Volatility	66-76%	213.18%
Risk-free interest rate	1.5%	0.68%
Expected life of option	2 years	2 years
Dividend yield	0%	0%

(c) Warrants

A summary of warrant activity to September 30, 2018 is as follows:

	Warrants Outstanding	Weighted Average Exercise Price
September 30, 2016	2,707,458	$ 1.25
Issued	3,096,669	0.87
Expired	(3,052,458)	1.25
September 30, 2017	2,751,669	$ 0.82
Issued	3,660,181	0.64
Exercised	(25,333)	0.60
Expired	(107,800)	1.25
September 30, 2018	**6,278,717**	**$ 0.71**

At September 30, 2018, the weighted average remaining life of the outstanding warrants is 1.25 years (2017 – 1.62 years).

During the year ended September 30, 2018, a total of 488,932 (2017 – 169,617) finders' or corporate finance warrants were issued and were valued using the Black-Scholes Option Pricing Model with the following weighted average assumptions:

	2018	2017
Volatility	82-147%	153.43%
Risk-free interest rate	0.68-1%	0.78%
Expected life of warrant	2 years	1.94 years
Dividend yield	0%	0%

(Expressed in Canadian dollars)

16. LOANS

		2018	2017
Current loans:			
Bank debt, current portion	(a)	$ -	$ 20,100
Short-term loans	(b)-(e)	563,597	695,949
		563,597	716,049
Non-current loans:			
Convertible promissory note	(f)	245,202	246,821
		$ 808,799	**$ 962,870**

Movement on bank debt

	Amount
Balance at September 30, 2017	$ 20,100
Interest	1,120
Repayments	(21,220)
Balance at September 30, 2018	**$ -**

Movement on short term loans

	Amount
Balance at September 30, 2017	$ 695,949
Additions	100,000
Interest	63,232
Repayments	(295,584)
Balance at September 30, 2018	**$ 563,597**

Movement on convertible promissory note

	Amount
Balance at September 30, 2017	$ 246,821
Interest	27,913
Repayments	(29,532)
Balance at September 30, 2018	**$ 245,202**

(a) Bank debt

The Company had outstanding long-term loans from the Business Development Bank of Canada ("BDC") which bore interest at BDC's floating base rate plus a variance of 3.1% to 3.5% per year and were repaid prior to September 30, 2018.

(b) Loan

During the year ended September 30, 2018, the Company repaid the remaining $8,481 (2017 - $8,091) balance of an unsecured demand loan bearing interest of 12% per annum, owing to a relative of the director.

(c) Apparel loans

As at September 30, 2018, the Company has an apparel loan of $278,250 (2017 - $278,250) owing to an apparel finance company of which a former Director of the Company was an officer and shareholder. The loan is secured by specific apparel inventory and is charged a quarterly finance fee.

16. LOANS (continued)

(d) Unsecured Promissory notes

(i) The Company has a $184,722 (2017 – $188,540) unsecured promissory note bearing interest at 12% per annum, maturing on December 31, 2017. Total interest accrued on the loan during the year ended September 30, 2018 is $22,498 (2017 - $22,801). The loan is currently being renegotiated.

(ii) As at September 30, 2018, the Company's Chief Executive Officer is owed $100,625 by way of an unsecured promissory note bearing interest at 12% per annum, maturing on November 12, 2018. Total interest accrued on the loan during the year ended September 30, 2018 is $625. The loan is currently being renegotiated.

(e) Venture capital convertible loan

At September 30, 2017, the Company had an outstanding convertible loan of $221,068 with Northpark Limited (a company with a former director in common). During the year ended September 30, 2018, total interest accrued on the loan was $8,770 (2017 – $97,930) and the balance of $229,838 was fully repaid.

(f) Executive officer convertible promissory note

The Company’s former Chief Financial Officer is owed $245,202 (2017 - $246,821) by way of an unsecured convertible promissory note. The loan was originally due December 31, 2017, bore interest at 8% per annum and was convertible into units at $1.05 per unit but was amended on September 28, 2017. The loan is now due on December 31, 2019, bearing interest of 12% per annum and convertible into units at $0.60 per unit. Each unit will consist of one share and one half of one share purchase warrant, one whole warrant exercisable at $0.80 per share. On initial receipt of the loan, and on amendment, the Company determined that the carrying value of the debt did not materially differ from the fair market value, and as a result none of the balance was attributed to the conversion option and recorded in equity. Total interest accrued during the year ended September 30, 2018 is $29,532 (2017 - $17,277).

17. LOSS PER SHARE

Diluted loss per share for the years ended September 30, 2018 and 2017 is the same as basic loss per share as the effect of warrants and options would be anti-dilutive.

18. RELATED PARTY TRANSACTIONS

During the year ended September 30, 2018 and 2017:

(a) The Company paid its Chief Executive Officer $149,021 (2017 - $89,000), which included $27,771 of retroactive pay, and its Chief Financial Officer $78,500 (2017 - $78,467) in salary (Note 11).

(b) The Company recorded $61,052 (2017 - $258,479) in share-based compensation to officers and directors.

(c) At September 30, 2018, the Company owes its Chief Financial Officer (former Executive Manager) $nil (2017 - $32,031) for unpaid expense reimbursement and $245,202 (2017 - $246,821) under an unsecured convertible promissory note (Note 16). Total interest accrued during the year ended September 30, 2018 was $29,532 (2017 - $17,277) (Note 16).

(d) At September 30, 2018, the Company owes its Chief Executive Officer $100,625 under an unsecured promissory note (Note 16). Total interest accrued during the year ended September 30, 2018 was $625.

(e) During the year ended September 30, 2017, a company with a former director in common converted a total of $1,019,250 of a promissory note into 970,714 units of the Company at a price of $1.05 per unit.

(Expressed in Canadian dollars)

19. COMMITMENTS

The Company has entered into the following agreements:

The commercial premises from which the Company carries out its head office and warehouse locations are leased from third parties. This rental contract is classified as operating lease since there is no transfer of risks and rewards inherent to ownership. The minimum rent payable under the lease is as follows:

2019	$ 46,475

20. FINANCIAL INSTRUMENTS

The Company is exposed to certain financial risks as listed below. There has been no change in the exposure to risk, nor its objectives, policies and process for managing the risk from the prior year. Disclosures relating to exposure to risks, in particular credit risk, liquidity risk, foreign exchange risk and interest rate risk are provided below.

Credit Risk

Credit risk is the risk of an unexpected loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Company's financial instruments that are exposed to concentrations of credit risk are primarily cash. The Company limits its exposure to credit risk with respect to cash by investing available cash with major Canadian chartered banks.

The Company's cash is not subject to any external restrictions.

Liquidity Risk

As at September 30, 2018, the Company had a cash balance of $229,089 (2017 - $183,880) available to settle current liabilities of $1,374,715 (2017 - $1,494,154). The Company's liquidity follows a seasonal pattern based on the timing of inventory purchases. The Company expects to finance its inventory purchases and administrative expenditures through cash flows from operations, bank debt, as well as equity financing.

The following table identifies the undiscounted contractual maturities of the Company's financial liabilities as at September 30, 2018:

	Within one year	After one but not more than five years	After five years	Total
Trade and other payables	$ 735,547	$ -	$ -	$ 735,547
Commissions payable	75,571	-	-	75,571
Short-term loan	563,597	-	-	563,597
Convertible note	-	245,202	-	245,202
	$ 1,374,715	**$ 245,202**	**$ -**	**$ 1,619,917**

20. FINANCIAL INSTRUMENTS (continued)

Market Risk – foreign exchange risk

At September 30, 2018, a majority of the Company's inventory purchases are in United States dollars. A majority of the Company's revenues and future equity raised is expected to be predominantly in Canadian dollars. Accordingly, the United States dollar denominated financial assets and liabilities are subject to fluctuations in exchange rates and can have an effect on the Company's reported results. Management has chosen not to hedge its foreign exchange risk.

The Company's foreign exchange risk is primarily limited to currency fluctuations between the Canadian and United States dollar. At September 30, 2018, the Company does not have significant financial assets or liabilities denominated in United States dollars.

In order to protect itself from the risk of losses should the value of the Canadian dollar decline compared to the foreign currency, the Company may consider using forward contracts to fix the exchange rate of a portion of its expected United States dollar requirements. The contracts will be matched with anticipated foreign currency purchases.

Financial instruments that potentially subject the Company to cash flow interest rate risk include financial assets and liabilities with variable interest rates and consist of cash and the credit facility. As at September 30, 2018, cash consisted of cash on hand and balances with banks.

Financial assets and financial liabilities that bear interest at fixed rates are subject to fair value interest rate risk. The Company's bank debt was the only financial liability bearing a variable interest rate. It was recorded at amortized cost.

Fair Values

At September 30, 2018 and 2017, the Company's financial assets and liabilities approximate fair value due to their short-term to maturity or because they bear interest at market rates.

21. CAPITAL MANAGEMENT

As at September 30, 2018, the Company's capital is composed of interest bearing debt, its loan facility, and shareholders' equity. The Company's primary objectives, when managing its capital, are to maintain adequate levels of funding to support the manufacturing operations of the Company and to maintain corporate and administrative functions.

The Company defines capital as bank loans, other long-term debt, and equity, consisting of the issued common shares, stock options and warrants. The capital structure of the Company is managed to provide sufficient funding operating activities. Funds are primarily secured through a combination of equity capital raised by way of private placements, short-term debt and bank debt. There can be no assurances that the Company will be able to continue raising equity capital and bank debt in this manner. The Company invests all capital that is surplus to its immediate needs in short-term, liquid and highly rated financial instruments, such as cash and other short-term deposits, which are all held with major financial institutions.

There were no changes to the Company's approach to capital management during the year ended September 30, 2018.

(Expressed in Canadian dollars)

22. REVENUE SEGMENTS

Geographic information – revenue from external customers:

	2018	**2017**
Canada	$ 2,601,819	$ 3,358,307
USA	151,287	-
Total	$ 2,753,106	$ 3,358,307

23. INCOME TAXES

	2018	**2017**
Net loss before income taxes	$ (3,386,014)	$ (3,000,404)
Income tax rate	27.3%	27.7%
Expected income tax benefit	(923,723)	(830,356)
Non-deductible expenses	48,147	136,582
Share issue costs	(103,900)	(74,234)
Adjustment to prior years provision versus statutory tax returns	(306,667)	2,815,677
Impact of future income tax rates applied vs current statutory rate	(132,351)	-
Change in valuation allowance	1,210,694	(2,047,669)
	$ -	$ -

The Company recognizes tax benefits on losses or other deductible amounts generated where it is probable the Company will generate taxable income to utilize its deferred tax assets. The Company's unrecognized deductible temporary differences and unused tax losses for which no deferred tax asset is recognized consist of the following amounts:

	2018	**2017**
Deferred income tax assets:		
Non-capital losses	$ 3,530,663	$ 2,510,707
Net capital losses	469,365	426,275
Equipment	168,729	6,535
Share issuance costs and other	437,697	453,243
Unrecognized deferred income tax assets	(4,607,454)	(3,396,760)
	$ -	$ -

The non-capital losses expire in the year 2008 through 2028.

24. EVENTS SUBSEQUENT TO THE REPORTING DATE

On December 21, 2018, the Company closed a non-brokered private placement to issue 5,850,000 units at a price of $0.10 per unit for gross proceeds of $585,000. Each unit comprises of one common share and one share purchase warrant exercisable at $0.15 until December 21, 2021. In connection with the private placement, the Company issued 340,000 common shares and 340,000 warrants.

On January 15, 2019, 30,000 stock options were issued to a director, exercisable into one common share of the Company at an exercise price of $0.155 and expiring on January 15, 2029.

Management's Discussion and Analysis of Financial Condition and Results of Operations as at September 30, 2018 and 2017.

The following is management's discussion and analysis ("MD&A") of Peekaboo Beans Inc.'s financial condition and results of operations for the year ended September 30, 2018 and 2017 and should be read in conjunction with the audited financial statements and related notes for the same reporting periods. The MD&A will also outline the economic operating conditions and how these influence business activities of Peekaboo Beans Inc.

All references herein refer to the audited financial statements and related notes for the year ended September 30, 2018 and or 2017, except where otherwise indicated. All financial information is expressed in Canadian dollars ("$"). Unless otherwise indicated, a reference to the "Company" or "Peekaboo" means Peekaboo Beans Inc. The Company's fiscal year is the year ended September 30th " ("year-end"). Reference to a "fiscal year" means the Company's year commencing on October 1st of that year and ending on September 30th of the following year. For example, fiscal 2018 means the period beginning October 1, 2017 and ending September 30, 2018. In addition, reference will be made to "Notes", which refers to the Notes to the Financial Statements.

Organization of the MD&A

PART 1 – OVERVIEW AND OUTLOOK

The Company

Peekaboo Beans Inc. is a online retailer of children's apparel operating in Canada and the United States of America ("US"). Peekaboo is listed on the CSE Venture Exchange in Canada (Symbol: BEAN) and first and only Canadian listed company with a majority female board of directors and executive management.

During Q4/2018, the Company decided to sell its apparel through an affiliate program instead of direct sales.

The Company launched the affiliate programs during Q1/2019.

The Company shifted from a direct sales model to an affiliate marketing program referred to as "Social Retailing" in order to increase margins, provide better control of the internal supply chain, and remove limitations on where product is sold. The transition included moving 1,500 Stylists from the direct sales program to its new social selling program. With an already robust social media presence, Peekaboo Beans is positioned well to utilize digital media and technology to spring board the business to new growth. The new Social Retail program is designed to create mutually beneficial partnerships with brand ambassadors to grow the Company's distribution and sales in North America and worldwide. By leveraging the brand through various channels including social media, blogs and influencers, Peekaboo Beans' reach exponentially expands while affiliates are earning commission for engagement, sales and social interactions. The Company aims to broaden distribution through an omni-channel platform, including major e-commerce sites, host more pop-up boutiques within large retailers, and sell products through social media channels.

However, the transition to an affiliate program caused sales to fall as the Company stopped recruiting and training of Stylists.

The Company continues to designs and manufactures children's playwear that is stylish, functional and allows free, unstructured play for children. Peekaboo is helping to create a revolutionary lifestyle brand around the growing culture of children's play by focusing on the Company's core customers, "Parents".

Peekaboo's design team in British Columbia, Canada works with child development specialists, educators, and therapists to review, evaluate and create new designs that take into consideration the developmental needs of children by creating value with versatile pieces and longevity through quality construction.

The fabric that Peekaboo designs in-house for its playwear apparel are third-party tested to guarantee that it is aligned with OEKO-TEK® Standard 100, an independent testing and certification system for all stages of production from textile raw materials to end products. The requirement is that all components of an item comply with the required criteria without exception, including the outer material, sewing threads, linings, prints, etc., as well as non-textile accessories such as buttons, zip fasteners, rivets, etc. for harmful substances and sensitivity to skin contact. In addition, Peekaboo conducts its own third-party lab testing to ensure its dying mills are adhering to the Company's standards that its fabric does not contain harmful levels of heavy metals and other harsh additives that are found in most children's clothing fabrics and dyes.

The Company does not own or operate any manufacturing facilities. Peekaboo works closely with its third-party contract manufacturers who adhere to a vendor code of ethics regarding social and environmental sustainability practices. Peekaboo relies on a limited number of suppliers to provide custom designed fabrics and follows the production of its apparel from raw fiber to finished garment.

The Company does not own, lease or operate any retail store locations. During fiscal 2018, Peekaboo's apparel was sold exclusively through a direct-sales network of independent sales representatives or "Stylists" in Canada and in the US. The affiliate program was launched in Q1/2019.

In previous years, Peekaboo produced four seasonal collections each year with the Fall collection being the biggest season for sales. Starting in January 2017, the Company has adopted a new rhythm to launch six collections in one calendar year, with the expectations that more frequent launches will generate more consistent sales and keep the Stylists and customers continuously engaged with Peekaboo’s products. Orders are processed through Peekaboo’s online system, and payments are made at Pop-ups or directly on the Company’s website, usually by credit cards. In addition to being the most significant source of revenues, Pop-ups also act as business opportunities for Stylists to gain engagement to book more parties, present the direct-sales business opportunity to potential Stylists and market Peekaboo’s brand and apparel.

The Company’s recurring cash requirements include executive and employee salary compensation, distribution and information technology costs, some administrative and public company costs.

The Company’s recurring working capital requirements include financing the lead-time for inventory and apparel production deposits necessary for seasonal collections. The Company places apparel production deposits several months before the final purchase order and pays for goods before shipment to Canada from China, which happens several months before the Company receives payment for goods sold.

The Company sells its apparel and holds cash in Canadian and United States Dollars. The fluctuation in the price of the Canadian dollar, United States Dollars and to a lesser degree, the Renminbi may affect financial performance. The economic health of the economies of North America and to a lesser extent China may affect the financial performance of the Company.

Overall Performance

During the year, the Company raised net proceeds of $3,938,233 in funding through share financing.

The Company has completed most of its ground work for entering the US market in the fourth quarter of fiscal 2017, including engaging with consulting expertise to introduce Peekaboo’s unique brand, designing a motivational US compensation plan and customizing US software for Stylist support.

The Company has been focusing on transition the business model from the traditional direct sales model to the more technology-based affiliate style marketing program of Social Retailing. The goals are to focus on increasing margins, providing improved control over the internal supply chain, continue generating sales and brand awareness through pop-up stores, and remove limitations on where product is sold. In 2019, the Company will continue to execute on the new Social Retailing business model.

Peekaboo Beans Inc.

PART 2 – FINANCIAL PERFORMACE REVIEW

Selected Annual Information

The following table summarizes selected financial data for the Company. The information in this table was extracted from the financial statements, and related notes included herein and should be read in conjunction with such financial statements.

	2018	%[1]	2017	%[1]	YoY%[2]
Sales	$ 2,783,106	-	$ 3,358,307	-	-18%
Cost of sales					
Cost of goods sold	2,008,971	73%	2,179,163	65%	-8%
Stylist commission	448,377	16%	749,375	22%	-40%
Gross profit	295,758	11%	429,769	13%	-31%
Operating costs	3,506,537	127%	3,026,627	87%	20%
Total assets	2,197,030	-	1,604,913	-	37%
Total liabilities	1,619,917	-	1,740,975	-	-7%
Shareholder equity (deficiency)	577,113	-	(136,062)	-	-524%
Number of Stylists	1,500	-	901	-	34%

(1) As a percentage (%) of sales.
(2) Year-over-year (YoY) change as a percentage (%).

Summary of Annual Financial Information

For the year ended September 30, 2018:

The following analysis of the Company's operating results for the fiscal year ended September 30, 2018, includes a comparison to the corresponding comparative year ended September 30, 2017. Please refer to the Statement of Operations and Statement of Cash Flows.

Under the direct-sales model, sales are driven by the number of Stylists and the average sales per Stylist per year. Cost of sales includes apparel manufacturing and design costs (cost of goods) and commissions paid to Stylists for selling apparel, which fluctuates with sales.

The process of changing to an affiliate program from a direct sales model sales caused sales to decline to $2.8-million from $3.4-million a year earlier as the Company stopped recruiting and training Stylists. The Company has repositioned itself to sell existing inventory through its revamped online platform and social retailing business model.

Gross margin decreased to 10.7% of sales to $295,758 from 12.8% of sales a year earlier due to the improvement in manufacturing costs and lower commission payout. Gross margin is calculated after including inventory obsolescence. The Company changed its factory-manufacturing partner which has resulted in lower product costs and faster turn around times.

Operating expenses related to the operation of a direct-sales model increased to $3.5-million compared to $3-million, a year earlier due to higher costs for Stylists training, recruitment and marketing costs and executive and employee salaries related to the US expansion.

Administrative and distribution and information technology increased also due to the Company's US expansion initiative, which requires the Company to invest in new software and hire staff for head office support. As of September 30, 2018, the Company has 20 full and part-time employees in Canada.

The Company wrote down of $206,000 obsolete inventory from previous collections as the collections had minimal value due to the trend changes in apparel, recorded in cost of goods sold.

Expenses related to the operation of public company including professional fees, public company costs and investor relations, totaled $848,537 for the year, compared to $797,504 for the year earlier.

Share-based compensation for employees and executives totaled $171,151.

Loan interest and other finance costs decreased to $195,897 compared to $286,794 largely due to the Company repaying outstanding loans during the 2018 fiscal year.

The Company reported an operating loss of $3.2-million in fiscal 2018 compared to $2.5-million in fiscal 2017. The Company reported a net loss of $3.4-million in fiscal 2018 compared to a loss of $3.0-million in fiscal 2017. The basic loss per weighted average number of common shares was $0.21 and a loss of $0.35 for the respective periods.

Liquidity and Capital Resources

The following analysis of the Company's liquidity and capital resources for the fiscal year ended September 30th, 2018, includes a comparison to the corresponding, comparative year ended September 30th, 2017. Please refer to the Statement of Financial Position and Statement of Cash Flows.

The Company's principal source of funds available are equity and debt financing. The Company believes it has sufficient working capital to maintain its liquidity for the next fiscal year.

The Company's tangible assets include cash, inventories, and apparel production deposits. Other assets required for the operation of the Company include trade receivables and software and equipment.

Total assets increased to $2.2-million compared to $1.6-million the previous year due to higher inventories.

Cash increased to $229,089 from $183,880, while trade receivables were immaterial as the Company receives payment in full when a customer places a purchase order with an independent sales representative on the Company's website using their credit cards. The difference is due to the credit card companies' processing time.

Apparel production deposits decreased to $35,529 as the Company has engaged with a new factory partner, which requires lower upfront deposit when placing a purchase order, compared to the company's previous factory.

Inventories increased by 60% to $1.8-million, year-over-year. The Company also wrote down $206,000 in obsolete inventory from previous collections as the collections had minimal value due to the trend changes in apparel.

Prepaid expense decreased by 53% to $98,034 compared to $209,541 the previous year due to the utilization of investor relation contracts which required advance payment in the prior year.

Total debt or liabilities decreased 7% to $1.6-million year-over-year and includes $1.37-million in debt that is repayable within the year and $245,202 in long-term debt.

Debt repayable within the year consisted of trade payables and accrued liabilities of $735,547, loans that are current totaling $563,597 and commission payable to Stylists of $75,571. Commissions owing to Stylists occur when Stylists elect not to have their sales commissions paid to them but instead applied towards future apparel purchases.

Current loans predominately include $278,250 owing to a Canadian apparel finance company and $100,625 in an unsecured promissory note due to the Company's CEO.

Long-term debts include an unsecured convertible promissory note from a former executive and director of the Company for $246,821 bearing interest at 12% per annum and convertible into the shares and warrants of the Company.

Trade payables increased 10% year-over-year to $735,547, with the variance over the prior year mostly attributable to timing of payments to vendors.

The shareholder equity increased to $577,113 from a deficit of $136,062 a year earlier due to the private placements share financings completed during the year.

The statement of cash flows shows the structure of and changes in cash during the reported period. The statement contains cash changes in operating activities, investing activities and financing activities. During fiscal 2018, the Company generated $45,209 of cash to hold $229,089 at fiscal year-end. Operating activities used $3.6-million in cash predominately from operating losses during the year and increase in inventory. Financing activities generated cash of approximately $3.8-million due to proceeds of private placement share financings and a short-term loan, offset by loan repayments of $346,336.

Summary of Reported Period Results

For the quarter ending September 30, 2018.

The following analysis of the Company's operating results for the three months ending September 30, 2018 and includes a comparison to the corresponding comparative year ended September 30, 2017.

Sales totaled $544,992 compared to $862,160 in the comparative period while cost of sales totaled $723,281 (including a $206,000 year end inventory obsolescence charge) compared to $560,570 in the prior comparative period. Gross margins decreased compared to the comparative period, due to impairment of obsolete inventories.

Operating costs were similar form period to period, and totaled approximately $1.05-million compared to $975,443 in comparative period.

The Company reported an operating loss of $1.3-million and a net loss of $1.33 million compared to $762,815 and $792,285 in the comparative period.

PART 3 – CAPITALIZATION

As of September 30, 2018:

Shares

As at September 30, 2018, the Company had 20,856,533 common shares issued and outstanding, of which 301,717 were held in escrow.

Warrants

The Company has the following warrants outstanding:

- 300,000 warrants outstanding exercisable at $0.80 per share until March 30, 2019
- 1,428,429 warrants outstanding exercisable at $0.80 per share until May 12, 2019
- 476,385 warrants outstanding exercisable at $0.80 per share until June 29, 2019
- 439,055 warrants outstanding exercisable at $0.80 per share until September 28, 2019
- 169,066 warrants outstanding exercisable at $0.60 per share until December 20, 2019
- 1,491,666 warrants outstanding exercisable at $1.00 per share until February 16, 2020
- 313,249 warrants outstanding exercisable at $0.75 per share until February 16, 2020

Subsequent to year-end, the Company issued 340,000 finder warrants exercisable at $0.15 per share until December 21, 2021.

Stock Options

During fiscal 2017, 855,000 and 20,000 stock options were issued to management, staff and consultants, respectively on May 12th, 2017 and September 26th, 2017. The options are exercisable into one common share at $0.60 until May 12th, 2019 and September 26th, 2019, respectively.

During fiscal 2018, 850,000 stock options were issued to consultants and management, exercisable into one common share of the Company at exercise prices of $0.24 to $0.80.

On January 15, 2019, 30,000 stock options were issued to a director, exercisable into one common share of the Company at an exercise price of $0.155 and expiring on January 15, 2029.

Weighted Average Number of Common Shares

The weighted average number of common shares outstanding for fiscal 2018 was 15,903,857 and 8,520,038 for fiscal 2017. The weighted average of outstanding shares incorporates any changes of shares outstanding over a reported period and is used to calculate key financial measures such as earnings per share for the period.

Other than the aforementioned, no other dilutive securities were outstanding at year-end.

Part 4 – ADDITIONAL INFORMATION

Transactions Between Related Parties

During the year ended September 30, 2018 and 2017:

The Company paid its Chief Executive Officer $149,021 (2017 - $89,000), which included $27,771 of retroactive pay, and its Chief Financial Officer $78,500 (2017 - $78,467) in salary.

The Company recorded $61,052 (2017 - $258,479) in share-based compensation to officers and directors.

At September 30, 2018, the Company owes its Chief Financial Officer (former Executive Manager) $nil (2017 - $32,031) for unpaid expense reimbursement and $245,202 (2017 - $246,821) under an unsecured convertible promissory note. Total interest accrued during the year ended September 30, 2018 was $29,532 (2017 - $17,277).

At September 30, 2018, the Company owes its Chief Executive Officer $100,625 under an unsecured promissory note. Total interest accrued during the year ended September 30, 2018 was $625.

During the year ended September 30, 2017, a company with a former director in common converted a total of $1,019,250 of a promissory note into 970,714 units of the Company at a price of $1.05 per unit.

Forward-Looking Statements

This document contains forward-looking statements. The Company's representatives may also make forward-looking statements orally from time to time.

Statements in this document that are not historical facts, including statements about the Company's beliefs and expectations, recent business and economic trends constitute forward-looking statements. Forward-looking statements include, without limitation, statements regarding the outlook for future operations, forecasts of future revenue and expenditures, market conditions or other business plans. Forward-looking statements include statements regarding the intent, belief or current expectations of the Company, primarily on the results of operations, financial position or cash flows of the Company.

The statements are based on current plans, estimates, and projections and are subject to change. A number of factors could cause actual results to differ materially from those contained in any forward-looking statement, and the Company undertakes no obligation to update publicly any changes in light of new information or future events.

Shareholders and potential investors are cautioned that any such forward-looking statements are not guarantees and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors, such as general economic and business conditions particularly in Canada and North America, including changes in interest rates, actions by government authorities in Canada, including changes in government regulation in the direct-sales industry; political conditions and future decisions by the Company's directors or executive officers in response to changing conditions; the ability to execute prospective business plans; and misjudgments in the course of preparing forward-looking statements.

Material factors and assumptions underlying the Company's expectations regarding forward-looking statements include, among others: the ability of the Company to obtain financing on acceptable terms; that the Company will be able to maintain appropriate levels of liquidity and working capital; stability in the global economic environment particularly in Canada and the People's Republic of China ("China") and broadly in regard to North America and Canadian interest rates; and that interest rates and foreign exchange rates, particularly with regard to the Canadian dollar, the United States of America ("United States") dollar ("US$") and to a lesser degree the Renminbi, the currency of China, will not vary materially from current levels.

Shareholders and potential investors are advised that these cautionary remarks expressly qualify in their entirety all forward-looking statements attributable to the Company or persons acting on its behalf contained in this MD&A.

This forward-looking statement dated September 30, 2018, references CSA Staff Notice 51-330 Guidance regarding the Application of Forward-Looking Information Requirements under National Instrument 51-102 Continuous Disclosure Obligations dated November 20, 2009.

Accounting Policy

Financial information for fiscal 2017 and 2016 presented and discussed in this MD&A is prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

Significant accounting policies and outline the measurement and other accounting policies that are relevant to understanding Peekaboo's financial statements, business operations, and the direct-selling industry.

Changes in accounting policies distinguish how the Company should present and disclose different types of accounting changes in its financial statements. Changes in accounting policies need to be applied retroactively while changes in accounting estimates are accounted for prospectively.

Critical accounting estimates and judgments outline the estimates and assumptions that management made that can significantly affect Peekaboo's financial statements and include inventory valuation, income taxes, and stock-based compensation during fiscal 2018.

-End of Document-

SCHEDULE "B"

STATEMENT OF EXECUTIVE COMPENSATION

PEEAKABOO BEANS INC.
(the "Corporation")

FOR THE FINANCIAL YEAR ENDING SEPTEMBER 30, 2018

In accordance with the requirements of National Instrument 51-102 Continuous Disclosure Obligations, the Canadian Securities Administrators have issued guidelines on executive compensation disclosure for venture issuers as set out in Form 51-102F6V. The objective of the disclosure is to communicate the compensation the Corporation paid, made payable, awarded, granted, gave or otherwise provided to each named executive officer and director for the financial year, and the decision-making process relating to compensation. The disclosure will provide insight into executive compensation as a key aspect of the overall stewardship and governance of the Corporation and will help Shareholders understand how decisions about executive compensation are made. The Corporation's approach to executive compensation is set forth below.

Director and Name Executive Officer Compensation

Executive Compensation is required to be disclosed for each (i) Chief Executive Officer (or individual who served in a similar capacity during the most recently completed financial year), (ii) each Chief Financial Officer (or individual who served in a similar capacity during the most recently completed financial year), (iii) the most highly compensated executive officer (other than the Chief Executive Officer and the Chief Financial Officer) who were serving as executive officers at the end of the most recently completed fiscal year whose total compensation was, individually, more than $150,000; and (iv) each individual who would meet the definition set forth in (iii) but for the fact that the individual was neither an executive officer of the Corporation, nor acting in a similar capacity, at the end of that financial year (the "Named Executive Officers" or "NEO's").

Director and Named Executive Officer Compensation, Excluding Compensation Securities

The following table sets forth all compensation paid or accrued, payable, awarded, granted, given or otherwise provided, directly or indirectly, by the Corporation or any subsidiary thereof, to each Named Executive Officer and director of the Corporation, for each of the two most recently completed financial years ended September 30, 2018 and 2017.

Table of compensation excluding compensation securities

Name and position [1]	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($) [2]**	**Value of all other compensation ($)[3]**	**Total compensation ($)**
COSTA, Traci[4] *President, CEO and Director*	2018	121,250	27,771	2,666.64	Nil	Nil	151,668
	2017	89,000	Nil	Nil	Nil	Nil	89,000
MAYER, Nikki[5] *Former CFO, Corporate Secretary and Director*	2018	78,500	Nil	2,000	Nil	Nil	80,500
	2017	78,467	Nil	Nil	Nil	Nil	78,467
KOPKE, Darrell[6] *Director*	2018	Nil	Nil	3,333.28	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Table of compensation excluding compensation securities							
Name and position [(1)]	**Year**	**Salary, consulting fee, retainer or commission ($)**	**Bonus ($)**	**Committee or meeting fees ($)**	**Value of perquisites ($)** [(2)]	**Value of all other compensation ($)**[(3)]	**Total compensation ($)**
MATE, Karen[(7)] *Former Director*	2018	Nil	Nil	3,333.28	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
FONG, Dave[(8)] *Interim CFO*	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
BUNDY, Sarah[(9)] *Director*	2018	-	-	-	-	-	-
	2017	-	-	-	-	-	-
MCPHIE, Christine[(10)] *Former CFO*	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
MAH, Andrew[(11)] *Former CEO, President and Corporate Secretary*	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil
KUIACK, Michael [(11)] *Former Director*	2018	Nil	Nil	Nil	Nil	Nil	Nil
	2017	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

1. If an individual is a NEO and a director, both positions have been listed. Directors receive $1,000 in compensation for each quarterly meeting they attend. Directors also receive $1,000 per year for each committee of the Board of Directors they are a member of; all compensation noted is prorated.
2. Includes perquisites provided to an NEO or director that are not generally available to all employees and that, in aggregate, are greater than (a) $15,000, if the NEO or director's total salary for the financial year is $150,000 or less; (b) 10% of the NEO or director's salary for the financial year, if the NEO or director's total salary for the financial year is greater than $150,000 but less than $500,000; (c) $50,000, if the NEO or director's total salary for the financial year is $500,000 or greater.
3. No form of other compensation paid or payable equals or exceeds 25% of the total value of other compensation paid or payable to the director or Named Executive Officer.
4. Appointed President, CEO and director on September 23, 2016.
5. Appointed a director on September 23, 2016 and as CFO and Corporate Secretary on December 30, 2016. Resigned as an officer and director on December 11, 2018.
6. Appointed a director on September 23, 2016.
7. Appointed a director on September 26, 2017. Resigned as a director on January 15, 2019.
8. Appointed Interim CFO on December 11, 2018.
9. Appointed a director on January 15, 2019.
10. Resigned as CFO on December 30, 2016.
11. Resigned as President, CEO and Corporate Secretary on September 30, 2016 and as a director on December 30, 2016.
12. Resigned as a director on December 30, 2016.

External Management Companies

Please refer to "Employment, Consulting and Management Agreements" below for disclosure relating to any external management company employing, or retaining individuals, acting as Named Executive Officers of the

Corporation, or that provide the Corporation's executive management services and allocate compensation paid to any Name Executive Officer or director.

Stock Options and Other Compensation Securities

The following table sets forth all compensation securities granted or issued by the Corporation, or any subsidiary thereof, to each director and Named Executive Officer in the most recently completed financial year ended September 30, 2018 for services provided or to be provided, directly or indirectly, to the Corporation or any subsidiary thereof.

Compensation Securities							
Name and position	**Type of Compensation security (4)**	**Number of compensation securities, number of underlying securities, and percentage of class**	**Date of issue or grant**	**Issue, conversion or exercise price ($) (2)**	**Closing price of security or underlying security on date of grant ($)**	**Closing price of security or underlying security at year end ($)**	**Expiry date**
COSTA, Traci *President, CEO and Director*	Stock Options Stock Options Stock Options	370,000(1)(3) 50,000(6) 200,000(6)	May 12, 2017 Feb. 7, 2018 Feb. 26, 2018	$0.60 $0.80 $0.80	$0.58 $0.80 $0.80	$0.21 $0.21 $0.21	May 12, 2027 Feb. 7, 2028 Feb. 26, 2028
MAYER, Nikki *Former CFO, Corporate Secretary and Director*	Stock Options Convertible Debenture Stock Options	245,000(1)(3) 412,513(5) 50,000(6)	May 12, 2017 Sept. 28, 2017 Feb. 7, 2018	$0.60 $0.60 $0.80	$0.58 $0.62 $0.80	$0.21 $0.21 $0.21	May 12, 2027 Dec. 31, 2019 Feb. 7, 2028
KOPKE, Darrell *Director*	Stock Options Stock Options	20,000(1)(3) 50,000(6)	May 12, 2017 Feb. 7, 2018	$0.60 $0.80	$0.58 $0.80	$0.21 $0.21	May 12, 2027 Feb. 7, 2028
MATE, Karen *Former Director*	Stock Options	50,000(6)	Feb. 7, 2018	$0.80	$0.80	$0.21	Feb. 7, 2028
FONG, Dave *Interim CFO*	-	-	-	-	-	-	-
BUNDY, Sarah *Director*	-	-	-	-	-	-	-

Notes:

1. Each compensation security is exercisable into one in the capital of the Company (a "Common Share").
2. No compensation security has been re-priced, cancelled, replaced, had its term extended, or otherwise been materially modified, in the most recently completed financial year.
3. The compensation securities have no vesting provisions.
4. All compensation securities issued to directors and NEO's are subject to a four month resale restriction expiring four months and one day from the date of issuance.
5. The compensation securities has an outstanding principal amount of $247,507.90, accrues interest at a rate of 12% per annum, matures on December 31, 2019, and is convertible, from time to time, in whole or in part, into units of the Corporation at a price of $0.60 per unit (each a "Unit"). Each Unit is comprised of one Common Share and one-half of one Common Share purchase warrant (a "Warrant"). Each whole Warrant is exercisable, at a price of $0.80 per Common Share until December 31, 2019.

6. The compensation securities vest 25% on the date of grant and 25% every year thereafter.

There were no exercises of compensation securities by directors or Named Executive Officers during the most recently completed financial year.

Stock Option Plans and Other Incentive Plans

The following is a summary of the Corporation's stock option plan (the "Plan") which is the only incentive plan in place available to the Name Executive Officers and directors.

- The number of Common Shares to be reserved and authorized for issuance pursuant to options granted under the Plan shall not exceed ten percent (10%) of the total number of issued and outstanding shares in the Corporation.

- Under the Plan, the aggregate number of optioned Common Shares granted to any one director or Name Executive Officer, together with all other Common Share compensation arrangements, must not exceed 5% of the Corporation's issued and outstanding shares in any 12 month period, unless the Corporation has obtained disinterested shareholder approval.

- The exercise price for options granted under the Plan will be set by the Board of Directors at such time as the option is allocated under the Plan and cannot be less than the discounted market price permitted by the policies of the stock exchange on which the Common Shares are listed.

- Options can be exercisable for a maxim of 10 years, subject to earlier termination in the event of the optionee's death or the cessation of the optionee's services to the Corporation.

- Options granted under the Plan will not be assignable or transferable, except in the case of the death of an optionee, any vested option held by such individual at the date of death will become exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the date of expiration of the term otherwise applicable to such option.

Employment, Consulting and Management Agreements

The following is a summary of the Company's employment, consulting and management agreements with its directors and Named Executive Officers during the most recently completed financial year.

Compensation of Ms. Traci Costa, President and Chief Executive Officer

The Company entered into an employment agreement on June 1, 2018 with Ms. Traci Costa (the "Costa Agreement"), pursuant to which Ms. Costa provides her services to the Company as President and Chief Executive Officer. Pursuant to the Costa Agreement, Ms. Costa receives an annual salary of $175,000 and participation in the Plan. The Company may terminate the Costa Agreement: Without cause, by paying 18 months of her then annual salary. The Company may terminate the Costa Agreement for cause without any payment in lieu of notice. Ms. Costa may terminate the Costa Agreement by delivery of 4 weeks of written notice of termination to the Company, in which event the Company may then elect to terminate the Costa Agreement at any time prior to the expiry of the 4-week notice period without further compensation. If the Company undergoes a change of control, Ms. Costa is entitled to a lump sum payment equal to 100% of her then current salary.

Oversight and Description of Director and Named Executive Officer Compensation

Director Compensation

Subject to availability of funds, the Corporation may pay its directors a fee of $1,000 per quarter, together with an additional fee of $500 per day for travel related to directors' meetings attended in person. In addition, the members of the Audit Committee and Human Resources and Compensation Committee may each receive a fee of $1,000 per year per committee. The directors also receive incentive stock options in accordance with the policies of the CSE, and the Plan.

Named Executive Officer Compensation

The Human Resources and Compensation Committee reviews the compensation payable to the Named Executive Officers on an annual basis, or periodically if needed, and makes recommendations to the Board of Directors.

The objective of the Board of Directors in setting compensation levels is to attract and retain individuals of high caliber to serve the Corporation, to motivate their performance in order to achieve the Corporation's strategic objectives and to align the interests of the Named Executive Officers with the long-term interests of the Shareholders. These objectives are designed to ensure that the Corporation continues to grow on an absolute basis as well as to grow cash flow and earnings for Shareholders.

The Board of Directors set the compensation received by the Named Executive Officers so as to be generally competitive with the compensation received by persons with similar qualifications and responsibilities who are engaged by other companies of corresponding size, stage of development, having similar assets, number of employees, market capitalization and profit margin.

The Corporation compensates its Named Executive Officers based on their skill and experience levels and the existing stage of development of the Corporation. Named Executive Officers are rewarded on the basis of the skill and level of responsibility involved in their position, the individual's experience and qualifications, the Corporation's resources, industry practice, and regulatory guidelines regarding executive compensation levels.

The Board of Directors has implemented three levels of compensation to align the interests of the executive officers with those of the shareholders. First, Named Executive Officers are paid a monthly consulting fee or salary determined by the Board of Directors, if appropriate. Second, the Board of Directors awards Named Executive Officers long term incentives in the form of stock options. Finally, and only in special circumstances, the Board of Directors may award cash or share bonuses for exceptional performance that results in a significant increase in shareholder value.

The base compensation of the Named Executive Officers is reviewed and set annually by the Board of Directors. The Chief Executive Officer has substantial input in setting annual compensation levels. The Chief Executive Officer is directly responsible for the financial resources and operations of the Corporation. In addition, the Chief Executive Officer and Board of Directors from time to time determine the stock option grants to be made pursuant to the Plan. Previous grants of stock options are taken into account when considering new grants. The Board of Directors awards bonuses at its sole discretion. The Board of Directors does not have pre-existing performance criteria or objectives.

The Board of Directors considers the implications of the risks associated with the Corporation's compensation policies and practices when determining rewards for its Named Executive Officers and ensures that those policies do not encourage management to take inappropriate or excessive risks. The Board of Directors does not believe that there are any risks arising from the compensation programs that would be reasonably likely to have a material adverse effect on the Corporation.

Neither Named Executive Officers nor directors are permitted to take any derivative or speculative positions in the Corporation's securities. This is to prevent the purchase of financial instruments that are designed to hedge or offset any decrease in the market value of the Corporation's securities.

Compensation for the most recently completed financial year should not be considered an indicator of expected compensation levels in future periods. All compensation is subject to and dependent on the Corporation's financial resources and prospects.

Pension Disclosure

The Corporation does not have any defined benefit or defined contribution pension plans in place which provide for payments or benefits at, following, or in connection with retirement for its directors or Named Executive Officers.